



2022 FIRST QUARTER BUDGET IMPLEMENTATION REPORT



BUDGET OFFICE OF THE FEDERATION
Federal Ministry of Finance, Budget & National Planning

FOREWORD

I am delighted to present to you, the 2022 First Quarter Budget Implementation Report (BIR). This Report provides extensive information on the distribution and utilization of public resources among competing socio-economic needs and utilisation by the Ministries, Departments and Agencies (MDAs) of Government during the period. The 2022 Budget was titled “Budget of Economic Growth and Sustainability”. It was prepared taking into consideration the key parameters and policies/strategies contained in the 2022–2024 Medium Term Expenditure Framework and Fiscal Strategy Paper (MTEF/FSP). Allocations to Ministries, Departments and Agencies (MDAs) were also guided by the core objectives of the National Development Plan (NDP) 2021 – 2025.

The publication of this report is in compliance with Sections 30 and 50 of the Fiscal Responsibility Act (FRA), 2007 which mandates the Budget Office of the Federation (BOF) to prepare and submit Budget Implementation Reports quarterly to the Joint Finance Committee of the National Assembly (NASS) and the Fiscal Responsibility Commission (FRC). These reports are also to be widely circulated to other stakeholders and the general public through electronic and other media.

I commend the BOF team, particularly the Budget Monitoring and Evaluation Department and other relevant Ministries Departments and Agencies (MDAs) for their hard work and efforts in preparing this Report. I also appreciate the cooperation and commitment of the Fiscal Responsibility Commission and the National Assembly’s Joint Finance Committees in the production of the reports. I look forward to more of this in future.

Lastly, I urge the general public and readers of this Report to sustain their active interest in tracking the utilization of public resources and the attainment of Government’s goals and objectives. I look forward to your active participation in the entire budget process.

Mrs. (Dr.) Zainab Shamsuna Ahmed

Honourable Minister of Finance, Budget and National Planning

PREFACE

The FRA 2007 requires the BOF to monitor and evaluate the implementation of Annual Budgets of the Federal Government and to subsequently produce quarterly reports on the exercise. The 2022 First Quarter BIR is one of many in-year reports prepared by the BOF. The Report is part of the efforts of the Federal Ministry of Finance, Budget and National Planning (FMFB&NP) to ensure compliance with the FRA 2007 and more importantly, in promoting budget transparency and accountability as a key element of Nigeria's commitment to the Open Government Partnership.

The 2022 Budget was prepared amidst a challenging global and domestic environment due to the lingering effects of the COVID-19 Pandemic. The tepid recovery, domestic conditions as well as the price and output outlook in the world crude oil market were considered in arriving at the parameters and assumptions of the 2022 Budget. Many of the ongoing capital projects in the 2021 Budget that could not be completed were rolled over to the 2022 Budget. This was in line with the Government's resolve to properly fund ongoing capital projects to completion and the Administration's strong resolve to invest in critical infrastructures capable of sustaining growth and creating adequate and high-value jobs.

The implementation of the 2022 Budget in the first quarter was however very challenging. The macroeconomic environment was significantly disrupted by the Russia-Ukraine conflict and other key global and domestic developments. Aggregate revenue for the quarter fell short of projections even though world crude oil price was above the budget benchmark price, thus resulting in significant fiscal deficit of the federal government.

This Report is the product of the joint effort of financial and statistical Agencies of Government which provided the necessary macro-economic data, and the hard work of various Departments of the BOF, particularly Budget Monitoring and Evaluation Department. I commend their efforts and wish them success as they continue to carry out this important function.

Ben Akabueze

Director General, Budget Office of the Federation

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LIST OF ACRONYMS

A/C:	<i>Account</i>	MTFF:	<i>Medium Term Fiscal Framework</i>
AIE:	<i>Authority to Incur Expenditure</i>	N:	<i>Naira</i>
AF:	<i>Alternative Funding</i>	NBS:	<i>National Bureau of Statistics</i>
AEs:	<i>Advanced Economies</i>	NDDC:	<i>Niger Delta Development Commission</i>
B:	<i>Billion</i>	NHRC:	<i>National Human Rights Commission</i>
BDC:	<i>Bureau De-Change</i>	NJC:	<i>National Judiciary Commission</i>
BOF:	<i>Budget Office of the Federation</i>	NNPC:	<i>Nigerian National Petroleum Corporation</i>
BREXIT:	<i>British Exit</i>	NTB:	<i>Nigerian Treasury Bills</i>
CBN:	<i>Central Bank of Nigeria</i>	OAGF:	<i>Office of the Account General of the Federation</i>
CIT:	<i>Company Income Tax</i>	ONSA:	<i>Office of National Security Adviser</i>
COVID-19:	<i>Corona Virus Disease - 2019</i>	OPEC:	<i>Organization of Petroleum Exporting Countries</i>
DMO:	<i>Debt Management Office</i>	OTC-FMDQ-OTC:	<i>Over the Counter Financial Market Dealer Quotation</i>
ECA:	<i>Excess Crude Account</i>	PCC:	<i>Public Complaint Commission</i>
EMDEs:	<i>Emerging Markets and Developing Economies</i>	PPT:	<i>Petroleum Profit Tax</i>
EMEs:	<i>Emerging Markets Economies</i>	PSC:	<i>Production Sharing Contracts</i>
FAAC:	<i>Federation Account Allocation Committee</i>	SC:	<i>Service Contracts</i>
FGN:	<i>Federal Government of Nigeria</i>	SWF:	<i>Sovereign Wealth Fund</i>
FMFBNP:	<i>Federal Ministry of Finance, Budget and National Planning</i>	TSA:	<i>Treasury Single Account</i>
GDP:	<i>Gross Domestic Product</i>	UBEC:	<i>Universal Basic Education Commission</i>
IMF:	<i>International Monetary Fund</i>	US:	<i>United States</i>
INEC:	<i>Independent National Electoral Commission</i>	VAT:	<i>Value Added Tax</i>
JVC:	<i>Joint Venture</i>	WEO:	<i>World Economic Outlook</i>
LNG:	<i>Liquefied Natural Gas</i>	ZBB:	<i>Zero Base Budgeting</i>
M2:	<i>Money Supply</i>		
MB&NP:	<i>Ministry of Budget and National Planning</i>		
MBPD:	<i>Million Barrels Per Day</i>		
MDAs:	<i>Ministries, Departments and Agencies</i>		
MPR:	<i>Monetary Policy Rate</i>		

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EXECUTIVE SUMMARY

The Federal Budget is a vital tool for achieving Government's strategic objectives and plans for the socio-economic development of the nation. It shows the allocation of resources to different sectors/agencies by the Government in its effort to deliver public goods/services to the people. The 2022 Budget was prepared taking into consideration the policies/strategies contained in the 2022–2024 Medium Term Expenditure Framework and Fiscal Strategy Paper.

The Federal Budget is not all about expenditure allocations as it is often presumed by many. Revenue remains a critical and important part of the FGN budget. The 2022 Budget was titled "Budget of Economic Growth and Sustainability". The allocations to MDAs were guided by the strategic objectives of the National Development Plan 2021 to 2025, which are: Diversifying the economy, with robust MSME growth; Investing in critical infrastructure; Strengthening security and ensuring good governance; Enabling a vibrant, educated and healthy populace; Reducing poverty; and minimizing regional, economic and social disparities.

Nigeria's Gross Domestic Product (GDP) grew by 3.11 percent (year-on-year) in real terms in the first quarter of 2022. This represents a sustained positive growth for the sixth successive quarter since the recession witnessed in 2020 when negative growth rates were recorded in second and third quarters of 2020. The 2022 first quarter growth rate further represents an improvement in economic performance. The observed trend since the fourth quarter of 2020 is a signal of a gradual economic stability. The first quarter 2022 growth rate was 2.60 percent points higher than the 0.51 percent reported in the first quarter of 2021. It was also 0.87 percent points lower than the 3.98 percent recorded in the fourth quarter of 2021. The 2022 first quarter aggregate GDP stood at ₦45,317,823.33 million in nominal terms as against ₦40,014,482.74 million recorded in the first quarter of 2021, indicating a positive year-on-year nominal growth rate of 13.25 percent.

The upward trend in the general price level persisted in the first quarter of 2022. Headline inflation (year-on-year) witnessed an upward movement

during the review period. It fell from 15.63 percent in December to 15.60 percent in January before rising to 15.70 percent and 15.92 percent in February and March 2022 respectively. In the review period, core inflation was stable at 13.87 percent in December 2021 and January 2022 before rising to 14.01 percent and 13.91 percent in February and March 2022 respectively. On the other hand, food inflation decreased from 17.37 percent in December 2021 to 17.13 percent, 17.11 percent and 17.20 percent in January, February and March 2022 respectively.

Monetary aggregates increased in the review period relative to the fourth quarter of 2021. Broad Money Supply (M2) increased by ₦1,835.96 billion (4.19 percent) from ₦43,817.57 billion in December 2021 to ₦45,653.53 billion in March 2022. The growth in M2 was mainly driven by the expansions in the Net Domestic Credit (NDC). Net Domestic Credit (NDC) rose by 8.59 percent (₦4,170.15 billion) from ₦48,521.40 billion in December 2021 to ₦52,691.55 billion in March 2022. The development in NDC was due to the expansions of both Net Credit to Government and Credit to Private Sector during the period under review. Net Credit to Government increased by 22.46 percent (₦2,992.82 billion) from ₦13,326.80 billion in December 2021 to ₦16,319.62 billion in March 2022. Similarly, Credit to Private Sector increased by 3.71 percent (₦1,258.07 billion) from ₦35,194.60 billion in December 2021 to ₦36,371.92 billion in March 2022.

Nigeria's total imports in the first quarter of 2022 stood at ₦5,900.83 billion. This represented a decrease of 0.67 percent when compared to the ₦5,940.58 billion recorded in the fourth quarter of 2021, but increased by 21.04 percent compared to the ₦4,875.19 billion recorded in the corresponding quarter of 2021. The value of total exports in the first quarter of 2022 stood at ₦7,100.46 billion, indicating an increase of 137.88 percent when compared to the ₦2,984.93 billion of exports in the first quarter of 2021. It was also an increase of 23.13 percent when compared to the ₦5,766.62 billion recorded in fourth quarter of 2021. The higher level of exports over imports resulted in a favourable trade (in goods) of ₦1,199.63 billion.

The Investors and Exporters segment Official/Inter-Bank Window of the foreign exchange market like in the fourth quarter of 2021, depreciated from ~~₦~~14.34/US\$ in December 2021 to ~~₦~~15.96/US\$ and ~~₦~~16.95/US\$ in January and February 2022 respectively before appreciating slightly to ~~₦~~15.72/US\$ in March 2022. There was no data for the Official/Inter-Bank segment and Bureau-de-Change (BDC) segments of the foreign exchange market following the suspension of the operations of the Bureau-de-Change segment by Central Bank of Nigeria. There was a marginal decrease in the level of Nigeria's official gross (external) reserves to US\$39.28 billion as at end of March 2021 as against US\$40.23 billion recorded as at end of December 2022.

The total public debt stock as at 31st March, 2022 stood at ~~₦~~41,604.06 billion (US\$100,069.89 million). This represents an increase of ~~₦~~2,048.03 billion (5.18 percent) when compared to the ~~₦~~39,556.03 billion (US\$95,779.64 million) reported at the end of December 2021. The breakdown consisted of US\$60,100.70 million (~~₦~~24,986.87 billion) or 60.06 percent for domestic debt while the balance of US\$39,969.19 million (~~₦~~16,617.19 billion) or 39.94 percent was for external debt stock. The total public Debt/GDP remained sustainable at a ratio of 22.56 percent as at the end of March 2022. This was below the country specific threshold of 25 percent and also significantly below the international threshold for comparator countries of 56 percent.

The price of crude oil at the international market averaged US\$97.12 per barrel in the first quarter of 2022, indicating an increase of US\$17.39 per barrel (21.81 percent) and US\$36.22 per barrel (59.47 percent) above US\$79.73 per barrel and US\$60.90 per barrel reported in the fourth quarter and first quarter of 2021 respectively.

Average oil production and lifting (including Condensates) in the first quarter of 2022 stood at 1.49mbpd and 1.46mbpd respectively. The oil production figure showed a decrease of 0.11mbpd (6.88 percent) below the 1.60mbpd benchmark for the 2022 Budget. The volume of oil production in the period was also 0.07mbpd (4.49 percent) and 0.23mbpd (13.37 percent) below 1.56mbpd and 1.72mbpd reported in the fourth quarter and first quarter of 2021 respectively.

Gross Oil Revenue stood at ₦932.38 billion representing a ₦1,410.11 billion (60.20 percent) shortfall below the ₦2,342.49 billion projected quarterly gross oil revenue in the 2022 Budget. It was however, ₦74.04 billion (8.63 percent) above the actual gross oil revenue of ₦858.34 billion generated in the corresponding period of 2021. The gross non-oil revenue of ₦1,555.59 billion received in the first quarter of 2022 signified a decrease of ₦109.25 billion (6.56 percent) below the quarterly estimate of ₦1,664.83 billion. The net distributable revenue for the three tiers of government after cost deductions therefore stood at ₦1,333.85 billion in the first quarter of 2022, representing a shortfall of ₦1,350.44 billion (50.31 percent).

A total of ₦987.05 billion was received to fund the FGN budget in the first quarter of 2022. This comprises ₦82.36 billion (8.34 percent) oil revenue and ₦904.69 billion (91.66 percent) non-oil revenue. The amount received was ₦1,073.14 billion (52.09 percent) and ₦104.37 billion (9.56 percent) below the quarterly budget projection and the ₦1,091.42 reported in the first quarter of 2021.

The FGN continued to pursue its goal of reducing the growth in its recurrent expenditure as stated in the 2022-2024 MTEF/FSP. Key initiatives aimed at reducing recurrent costs were therefore pursued vigorously during the period. This includes the embargo on unauthorised recruitment by MDAs. All requests for recruitment and enrolment of staff into the FGN payroll are required to among others first seek clearance from Budget Office of the Federation. Total expenditure of Government in the first quarter of 2022 stood at ₦4,515.39 billion representing ₦903.45 billion (25.01 percent) and ₦1,130.73 billion (33.41 percent) above the ₦3,611.94 billion quarterly projection and ₦3,384.66 billion reported in the first quarter of 2021 respectively. A total of ₦1,178.92 billion was spent on non-debt recurrent expenditure in the first quarter of 2022. This represents a decrease of ₦326.97 billion (21.71 percent) and below the quarterly estimate of ₦1,505.89 billion and ₦82.41 billion (7.52 percent) above ₦1,096.51 recorded in the first quarter of 2021 respectively. Statutory Transfers amount to ₦217.42 billion during the review period.

Total Debt Service in the first quarter of 2022 stood at ₦897.09 billion, indicating a decrease of ₦24.26 billion (2.63 percent) below the ₦921.34 billion projected for the quarter. The sum of ₦668.69 billion was used for domestic debt servicing while ₦228.40 billion was used for external debt service during the period under review. The amount used for domestic debt servicing was ₦28.15 billion (4.40 percent) above the projection for the quarter. A total of ₦428.50 billion was released and cash backed in the first quarter of 2022 for the implementation of 2022 capital projects and programmes of MDAs.

The revenue and expenditure outturn of the Federal Government resulted in a fiscal deficit of ₦3,528.34 billion during the quarter (1.91 percent of the 2022 quarterly GDP). The first quarter deficit was ₦1,976.59 billion (127.38 percent) higher than the projected quarterly fiscal deficit of ₦1,551.75 billion. The 2022 fiscal deficit was also higher than the ₦2,293.24 billion deficit recorded in first quarter of 2021. The deficit was partly-financed through domestic borrowing of ₦950.0 billion.

Overall, the growth of the nation's economy in the first quarter of 2022 represents an improvement in economic performance and a gradual economic stability. Considering the various stimulus economic packages being implemented by the Federal Government, the economy is expected to further improve in subsequent quarters of 2022 despite deleterious effects of higher food and crude oil prices owing to the recent Russia-Ukraine conflict and numerous sanctions against Russia.

1.0 INTRODUCTION

The Federal Budget is a vital tool for achieving Government's strategic objectives and plans for the socio-economic development of the nation. It shows the allocation of resources to different sectors/agencies by the Government in its effort to deliver public goods and services to the people. The Federal Budget is not all about expenditure allocations as it is often presumed by many. Revenue remains a critical and important part of the FGN budget. The 2022 Budget was titled "Budget of Economic Growth and Sustainability". The allocations to MDAs were guided by the strategic objectives of the National Development Plan 2021 to 2025, which are: Diversifying the economy, with robust MSME growth; Investing in critical infrastructure; Strengthening security and ensuring good governance; Enabling a vibrant, educated and healthy populace; Reducing poverty; and minimizing regional, economic and social disparities.

The approach to the 2022 Budget is to continue the reflationary policies of the 2020 and 2021 Budgets, which helped put the economy back on the path of recovery and growth. It was prepared taking into consideration the policies/strategies contained in the 2022–2024 Medium Term Expenditure Framework and Fiscal Strategy Paper. The Budget was prepared using the Zero-Based Budgeting (ZBB) approach and in line with the government's development priorities, as articulated in the National Development Plan (NDP) 2021-2025. Allocations to the Ministries, Departments and Agencies (MDAs) were guided by the core objectives of the NDP 2021-2025.

The 2022-2024 Medium Term Expenditure Framework and Fiscal Strategy Paper provided the economic framework for the 2022 Budget, along with fiscal policy objectives and spending priorities of the Government over the three-year period. It also shows the plans for achieving Government's defined objectives, and highlights the key assumptions behind revenue estimates and fiscal targets as well as possible fiscal risks over the medium term. Furthermore, it articulates the nature of Federal Government's debt liabilities, their fiscal consequences, and measures to reduce them. The MTEF also provides the foundation for the preparation of revenue and expenditure

estimates of the annual federal budget. Hence, the MTEF represents efforts towards multi-year perspective in budgeting.

Revenue generation remains the major fiscal constraint of the Federal Government. The systemic resource mobilization problem has been compounded by recent economic recessions. Several measures are however being implemented under the Administration's Strategic Revenue Growth Initiatives to improve government revenue while efforts to entrench fiscal prudence is being prioritized with emphasis on achieving value for money. These measures include: Improving the tax administration framework including tax filing and payment compliance improvements; Evaluation of the process and policy effectiveness of Fiscal Incentives, including; Review of Sectors eligible for Pioneer Tax Holiday Incentives under the Industrial Development Income Tax Relief Act ('IDITRA'); Dimensioning the cost of tax waivers/concessions, and evaluating their policy effectiveness; Setting annual ceilings on Tax Expenditures to better manage their impact on already constrained government revenues; and Ensuring that MDAs appropriately account for and remit their internally generated revenue.

Other measures include: Identifying and plugging existing revenue leakages to enhance tax compliance and reduce tax evasion; Leveraging technology and automation; and plugging fiscal drainers like subsidies. To further enhance Independent Revenue collection, Government aims to optimize the operational efficiencies and revenue generation focus of GOEs. New and further increases in existing pro health taxes for example, excise on carbonated drinks has also been pursued.

The strategies to improve revenue mobilization is being sustained in 2022 with the goal of achieving the following objectives: Enhance tax and excise revenues through policy reforms and tax administration measures; Review the policy effectiveness of tax waivers and concessions; Boost customs revenue through the e-Customs and Single Window initiatives; and Safeguard revenues from the oil and gas sector. The target over the medium term is to grow the Revenue-to-GDP ratio from about 7 percent currently to 15 percent by 2025. At that level of revenues, the Debt Service-to-Revenue ratio will cease to be worrying. Put simply, we do not have a debt sustainability

problem, but a revenue challenge which we are determined to tackle to ensure our debts remain sustainable.

Very importantly, the government is using loans to finance critical development projects and programmes aimed at improving our economic environment and ensuring effective delivery of public services to our people. The focus was on: the completion of major road and rail projects; the effective implementation of power sector projects; the provision of potable water; construction of irrigation infrastructure and dams across the country; and critical health projects such as the strengthening of national emergency medical services and ambulance system, procurement of vaccines, polio eradication and upgrading Primary Health Care Centres across the six geopolitical zones.

Defence and internal security continued to be top priority of the FGN due to its commitment to the security of life, property and investment nationwide by ensuring that our gallant men and women in the armed forces, police and paramilitary units are properly equipped, remunerated and well-motivated. The 2022 budget is also the first in our history, where MDAs were clearly advised on gender responsive budgeting. These are part of critical steps in FGN efforts to distribute resources fairly and also to reach vulnerable groups of our society.

In 2022, Government intends to further strengthen the frameworks for concessions and Public Private Partnerships (PPPs). Capital projects that are good candidates for PPP by their nature are being developed for private sector participation. Also, government is exploring available opportunities in the existing ecosystem of green finance, including the implementation of our Sovereign Green Bond Programme, and leveraging debt-for-climate swap mechanisms.

This Report gives detailed information on the 2022 First Quarter Budget Implementation. The other parts of the Report are arranged as follows. Following this introductory section, Section 2 reviews macroeconomic performance, highlighting the performance of the real, monetary and external sectors. Section 3 presents an analysis of Government's revenue receipts and expenditure in the quarter under review, while Section 4 is a brief

conclusion of the report.

2.0 MACROECONOMIC DEVELOPMENTS AND ANALYSIS

2.1 Performance of the Global Economy

Uncertainties in the recovery of the global economy has recently heightened following the Russia-Ukraine conflict and sanctions against Russia. This introduced a new dimension of threat to the tepid recovery of the global economy. Other issues of concern are the lingering headwinds associated with the COVID-19 pandemic and global supply chain constraints; rising inflationary pressure; and more recently, the progression of an interest rate hike by the US Federal Reserve Bank and Bank of England (BOE). In specifics, the ongoing war and the subsequent sanctions against Russia will continue to have a substantial impact on the global supply chain as both countries are major players in the global commodities market. With both countries significantly interconnected to global financial markets, global capital flows are projected to experience some downturn, aggravated by the increasing sanctions on Russia.

Consequently, the earlier projections by the International Monetary Fund (IMF) for global output growth in 2022 and 2023 of 4.4 and 3.8 percent, respectively, are likely to be revised downwards due to the wide-ranging downside risks identified on the horizon.

Price across major Advanced Economies continued to rise and the trend is expected to continue in the medium term, reflecting the persisting supply bottlenecks, rising food and energy prices, and the ongoing war which heightened the observed trend. In the Emerging Market and Developing Economies (EMDEs), inflation remained high, with some economies recording inflation rates well above the average in the Advanced Economies. This was mostly due to a combination of downside risks from the COVID-19 pandemic, capital flow problems, legacy structural challenges, supply-side bottlenecks, and exchange rate market pressures.

In the global financial markets, investors maintained a large portion of their portfolios in gold and other valuable metals, as the uncertainty around market

securities continues along with the Pandemic and the emergence of new risks following the imposition of sanctions on Russia. It is still not clear at the moment how the development with monetary policy stabilization by some key Advanced Economies will influence the recovery of the global economy, given the dangers associated with this Crisis. Global financial conditions are thus, anticipated to tighten in the short-term as the investment prospect gradually becomes clearer. This is expected to influence capital flows to emerging market economies as risk-averse portfolio investors adopt a wait-and-see method. Accordingly, the dangers to the overall recovery of the global economy remain heightened and call for cautious policy measures to avoid a sharp decline such as experienced in 2020.

2.2 Domestic Macroeconomic Performance

2.2.1 Developments in Real Sector

2.2.1.1 GDP Growth:

Nigeria's Gross Domestic Product (GDP) grew by 3.11 percent (year-on-year) in real terms in the first quarter of 2022, indicating a sustained positive growth for the sixth successive quarter since the recession witnessed in 2020. The 2022 first quarter growth rate further represents improved economic performance and a sign of gradual return to economic stability. The first quarter 2022 growth rate was 2.60 percentage points higher than the 0.51 percent reported in the first quarter of 2021. It was also 0.87 percentage points lower than the 3.98 percent recorded in the fourth quarter of 2021, reflecting a lower economic activity than the preceding quarter.

In the quarter under review, aggregate GDP stood at ~~N~~45,317,823.33 million in nominal terms. This performance was higher when compared to the first quarter of 2021 which recorded aggregate GDP of ~~N~~40,014,482.74 million, indicating a year-on-year nominal growth rate of 13.25 percent. The nominal GDP growth rate in the period was higher relative to the 12.25 percent and 13.11 percent growth recorded in the first quarter of 2021 and fourth quarter of 2021 respectively.

Figure 2.1: Real GDP Percentage Growth (Q1 2015 – Q1 2022)



Source: National Bureau of Statistics, 2022

2.2.1.2 Oil Sector:

Oil sector real GDP declined by 26.04 percent (year-on-year) in first quarter of 2022 indicating a decrease of 23.83 percentage points relative to the 2.21 percent decline recorded in the corresponding quarter of 2021. Also, oil sector growth decreased by 17.98 percentage points when compared to the fourth quarter of 2021 which recorded -8.06 percent. Quarter-on-Quarter, the oil sector grew by 9.11 percent in the first quarter of 2022. The sector contributed 6.63 percent to the total real GDP in the first quarter of 2022 which is lower than the 9.25 percent recorded in the corresponding period of 2021 but higher than the 5.19 percent contribution reported in the preceding quarter.

Average daily crude oil production stood at 1.49 million barrels per day (mbpd) in the first quarter of 2022. This was 0.23mbpd and 0.01mbpd lower than the production volume of 1.72mbpd and 1.50mbpd recorded in the first quarter and fourth quarter of 2021 respectively. It was also 0.11mbpd lower than the 1.60mbpd projected oil benchmark for the fiscal year.

Figure 2.2: Quarterly Oil and Non-Oil Real GDP Growth Rate Percent (Q1 2017– Q1 2022)



Source: National Bureau of Statistics, 2022

2.2.1.3 Non-Oil Sector:

The non-oil sector grew by 6.08 percent in real terms during the quarter under review. This was 5.29 percent and 1.34 percentage points higher than the 0.79 percent and 4.74 percent rates recorded in the corresponding quarter of 2021 and fourth quarter of 2021 respectively. The performance of the non-oil sector in the quarter was driven mainly by Information and Communication (Telecommunication); Trade; Financial and Insurance (Financial Institutions); Agriculture (Crop Production); and Manufacturing (Food, Beverage & Tobacco). In real terms, the non-oil sector contributed 93.37 percent to the nation’s GDP in the first quarter of 2022. This performance was higher than the 90.75 percent recorded in the first quarter of 2021 but lower than the 94.81 percent reported in the fourth quarter of 2021.

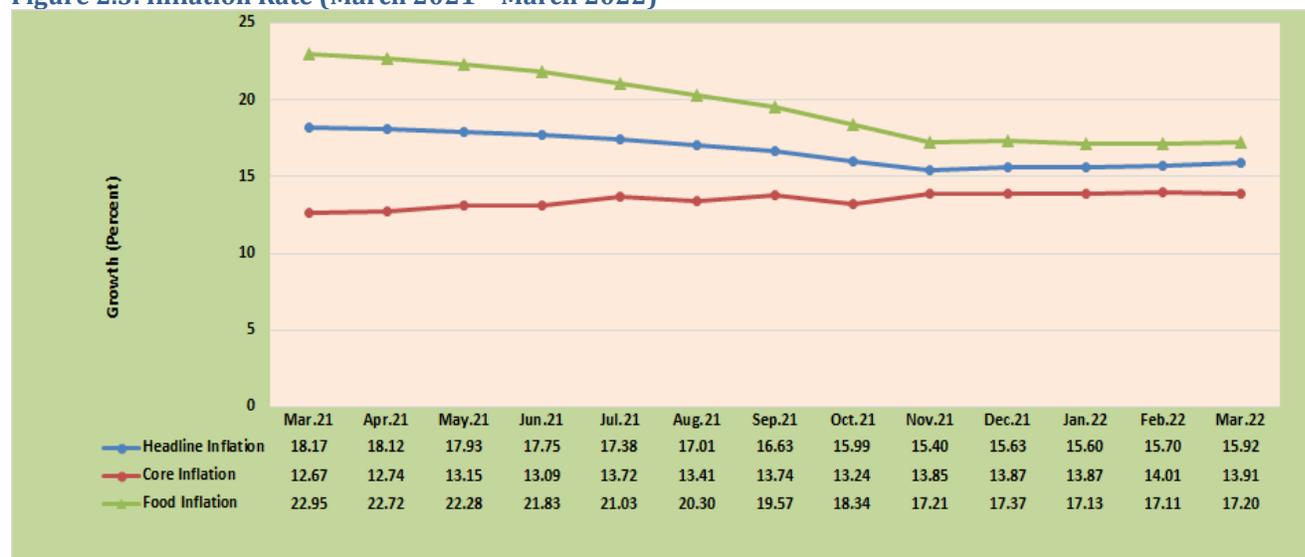
2.2.2 Developments in Prices

Headline inflation (year-on-year), on average, witnessed an upward movement during the review period. It fell from 15.63 percent in December to 15.60 percent in January before rising to 15.70 percent and 15.92 percent in February and March 2022 respectively. The rise was attributed to the upsurge in core inflation which was mostly due to the Russia-Ukraine conflict and numerous sanctions against Russia. The rise can also be ascribed to rising energy prices due to the scarcity of Premium Motor Spirit (PMS), rise in the cost of Automotive Gas Oil (AGO), and hike in electricity tariff. Core inflation in the review period was stable at 13.87 percent in December 2021 and

January 2022 before rising to 14.01 percent and 13.91 percent in February and March 2022 respectively. On the other hand, food inflation decreased from 17.37 percent in December 2021 to 17.13 percent, 17.11 percent and 17.20 percent in January, February and March 2022 respectively. Food inflation declined marginally due to good harvest.

As part of the lifting of restrictions associated with the COVID-19 pandemic, the strong recovery of aggregate demand has continued to pose a strong upside risk to inflation, as supply bottlenecks persist. This has been further aggravated by sanctions imposed on trade with Russia and other obstructions associated with supplies from Ukraine. Consequently, inflation is expected to remain considerably high in the short-term period. Before the Russia-Ukraine war, there was hope that the moderate decline in inflation would be sustained due to the positive impact of good harvest on price levels. The concern now is that global prices have gone up, this has been compounded by the shortage of supply of petroleum products.

Figure 2.3: Inflation Rate (March 2021 – March 2022)



Source: National Bureau of Statistics, 2022

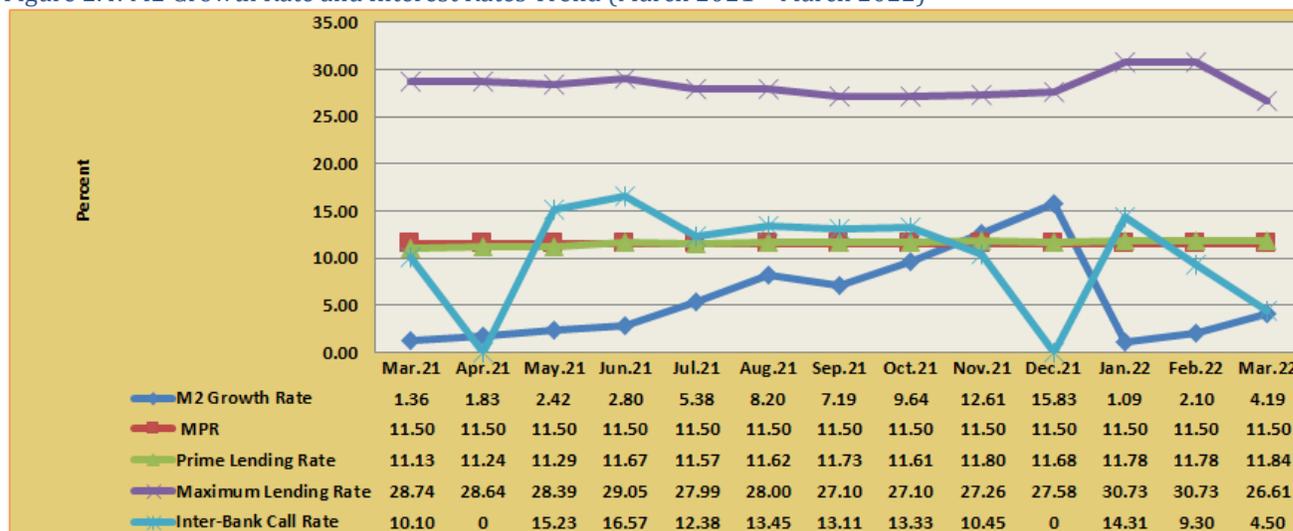
The substantial upward push to price levels also continued to be influenced by supply-side factors such as the scarcity of PMS and persisting insecurity. These require a careful and focused fiscal and monetary policy intervention to address and resolve and to return the nation to a strong and sustainable path.

2.2.3 Developments in Money Market

Monetary aggregates increased in the review period relative to the fourth quarter of 2021. Broad Money Supply (M2) increased by ₦1,835.96 billion (4.19 percent) from ₦43,817.57 billion in December 2021 to ₦45,653.53 billion in March 2022. The growth in M2 was mainly driven by the expansions in the Net Domestic Credit (NDC). Net Domestic Credit (NDC) rose by 8.59 percent (₦4,170.15 billion) from ₦48,521.40 billion in December 2021 to ₦52,691.55 billion in March 2022.

The development in NDC was due to the expansions of both Net Credit to Government and Credit to Private Sector during the period under review. Net Credit to Government increased by 22.46 percent (₦2,992.82 billion) from ₦13,326.80 billion in December 2021 to ₦16,319.62 billion in March 2022. Similarly, Credit to Private Sector increased by 3.71 percent (₦1,258.07 billion) from ₦35,194.60 billion in December 2021 to ₦36,371.92 billion in March 2022. When compared to the level at the end of first quarter of 2021, broad money supply expanded by ₦7,626.56 billion (20.06 percent) in March 2022.

Figure 2.4: M2 Growth Rate and Interest Rates Trend (March 2021 – March 2022)



Source: Central Bank of Nigeria, 2022

The Central Bank of Nigeria retained the Monetary Policy Rate (MPR) at 11.5

percent in the review period. The asymmetric corridor around the MPR was also retained at +100/-700 basis points. Other key monetary policy instruments remained the same during the period under review as the Cash Reserve Ratio (CRR) and the Liquidity Ratio were left at 27.5 percent and 30.0 percent respectively.

The above developments led to variability in the deposit and lending rates in the economy. The average interbank call rate increased from zero percent in December 2021 to 14.31 percent, 9.30 percent and 4.50 percent in January, February and March 2022 respectively. Similarly, the average prime lending rate rose from 11.68 percent in December 2021 to 11.78 percent in January and February 2022 before rising again to 11.84 percent in March 2022. The average maximum lending rate also rose from 27.58 percent in December 2021 to 30.73 percent in both January and February 2022 before falling to 26.61 percent in March 2022 (Figure 2.4).

2.2.4 Developments in the External Sector

2.2.4.1 External Trade

The value of total imports in the first quarter of 2022 stood at ₦5,900.83 billion. This represented a decrease of 0.67 percent when compared to the ₦5,940.58 billion recorded in the fourth quarter of 2021, but an increase by 21.04 percent compared to the ₦4,875.19 billion recorded in the corresponding quarter of 2021. Most of the imports in the first quarter of 2022 were agricultural goods, raw materials, solid minerals, energy goods and manufactured goods.

The value of total exports in the first quarter of 2022 stood at ₦7,100.46 billion, indicating an increase of 137.88 percent when compared to the ₦2,984.93 billion of exports in the first quarter of 2021. It was also an increase of 23.13 percent when compared to the ₦5,766.62 billion recorded in fourth quarter of 2021. Most of the exports in the first quarter of 2022 were agricultural goods, raw

materials, solid minerals, energy goods, manufactured goods, crude oil and other oil products.

2.2.4.2 Balance of Trade

Nigeria’s total trade in the first quarter of 2022 stood at ₦13,001.28 billion, which was higher than the ₦11,707.20 billion and ₦7,860.12 billion recorded in the fourth and first quarters of 2021 respectively.

2.2.4.3 Exchange Rates

The Investors and Exporters segment (Official/Inter-Bank Window) depreciated from ₦414.34/US\$ in December 2021 to ₦415.96/US\$ and ₦416.95/US\$ in January and February 2022 respectively before appreciating slightly to ₦415.72/US\$ in March 2022. There was no data for the Bureau-de-Change (BDC) segments of the foreign exchange market following the suspension of operations of the Bureau-de-Change segment by Central Bank of Nigeria.

Figure 2.5: Naira/US\$ Exchange Rates Trend (March 2021 – March 2022)



Source: Central Bank of Nigeria, 2022

2.2.4.4 External Reserves

Figures from the CBN showed that Nigeria’s gross (external) reserve decreased at the end of the first quarter of 2022. It fell from US\$40.23 billion

in December 2021 to US\$39.32 billion, US\$39.67 billion and US\$39.28 billion in January, February and March 2022 respectively.

The performance at the end of March 2022 represented a decrease of US\$0.95 billion (2.36 percent) below the figure reported at the end of December 2021. It was however, US\$4.14 billion (11.78 percent) above the US\$35.14 billion performance recorded at the end of first quarter of 2021. There are prospects of an increase in the level of external reserves in the subsequent quarters due to the improvement in the prices of crude oil at the international market following the Russia-Ukraine conflict and numerous sanctions against Russia. It also results from the improvement in economic activities after the easing of most of the COVID-19 variant restrictions.

Figure 2.6: Level of External Reserves in Billion Dollars (March 2021 – March 2022)



Source: Central Bank of Nigeria, 2022

2.2.5 Debt Stock

2.2.5.1 Total Public Debt Stock

The total public debt stock as at 31st March, 2022 stood at ₦41,604.06 billion (US\$100,069.89 million). This represents an increase of ₦2,048.03 billion (5.18 percent) when compared to the ₦39,556.03 billion (US\$95,779.64 million) reported at the end of December 2021. The breakdown consists of US\$60,100.70 million (₦24,986.87 billion) or 60.06 percent for domestic debt

while the balance of US\$39,969.19 million (₦16,617.19 billion) or 39.94 percent was for external debt stock. The total public Debt/GDP remained sustainable at a ratio of 22.56 percent as at the end of March 2022. This was below the country specific threshold of 25 percent and also significantly below the international threshold for comparator countries of 56 percent.

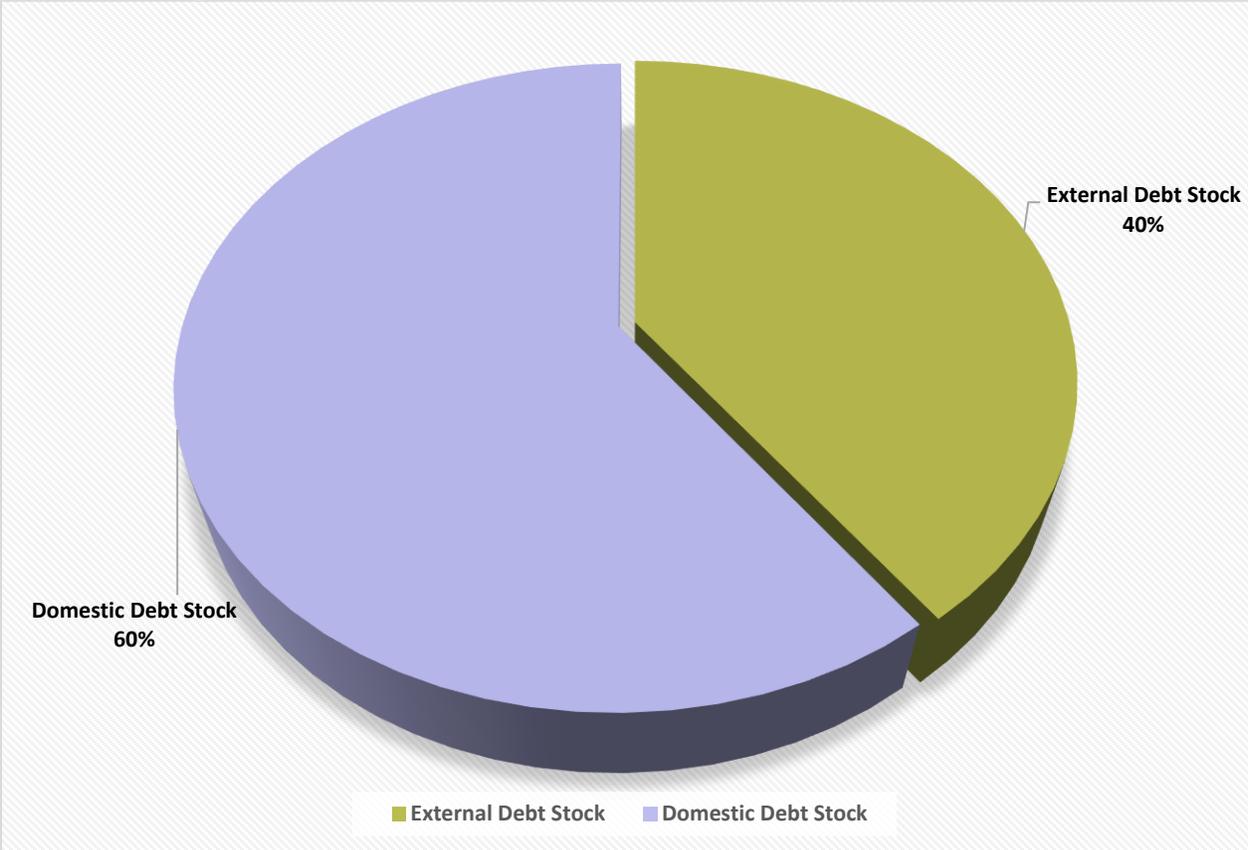
2.2.5.2 Domestic Debt Stock

The Federal Government's domestic debt stock stood at ₦20,144.03 billion as at end of March 2022 representing an increase of ₦901.47 billion (4.68 percent) above the ₦19,242.56 billion recorded in the fourth quarter of 2021. It was also ₦3,630.10 billion (21.98 percent) above the ₦16,513.93 billion reported in the first quarter of 2021. The increase in domestic debt relative to the fourth quarter of 2021 was due to the new issues of FGN bonds, Nigerian Treasury Bills and FGN Savings Bonds during the period. A breakdown of the domestic debt stock as at 31st March, 2022 revealed that ₦14,240.97 billion (70.70 percent) is for FGN Bonds, ₦4,408.16 billion (21.88 percent) is for Nigerian Treasury Bills (NTBs), ₦762.54 billion (3.79 percent) is for Promissory Notes, ₦612.56 billion (3.04 percent) is for FGN Sukuk, ₦75.99 billion (0.38 percent) is for Treasury Bonds, ₦18,117.80 billion (0.09 percent) is for FGN Savings Bond, and ₦25.69 billion (0.13 percent) is for Green Bond .

2.2.5.3 External Debt Stock

Nigeria's external debt stock as at 31st March, 2022 stood at US\$39,969.19 million indicating an increase of US\$1,577.87 million (4.11 percent) and US\$7,109.20 million (21.63 percent) above the US\$38,391.32 million and US\$32,859.99 million reported in the fourth and first quarters of 2021 respectively. A breakdown of the external debt stock as at 31st March, 2022 revealed that Multilateral Debts amounted to US\$18,957.22 million (47.43 percent), Non-Paris Club Bilateral Debts amounted to US\$4,495.87 million (11.25 percent), Commercial (Euro-Bond) amounted to US\$15,918.35 million (39.83 percent) while Promissory Notes accounted for the balance of US\$597.75 million (1.50 percent).

Figure 2.7: First Quarter 2022 Total Public Debt Stock



Source: Debt Management Office, 2022

3.0 FINANCIAL ANALYSIS OF 2022 BUDGET IMPLEMENTATION

3.1 Key Assumptions and Projections

The 2022 Budget was based on the 2022-2024 Medium Term Expenditure Framework and Fiscal Strategy Paper which was in line with the Government's National Development Plan of 2021 - 2025. Table 3.1 presents the key assumptions and targets over the period 2016 - 2022.

Table 3.1: Key Budget Assumptions and Targets, 2016 - 2022

KEY ASSUMPTION & TARGETS	2016	2017	2018	2019	2020	2021	2022
Projected Production (in mbpd)	2.2	2.20	2.30	2.30	1.80	1.86	1.60
Budget Benchmark Price (per barrel in US)	38	44.50	51	60	28	40	73
<i>Technical Cost of JVC Pbl to Oil Companies</i>							
Operating Expenses (T1) in US \$	10.29	10.43	11.24	20.45	11.30	10.68	14.30
Capital Expenses (T2) in US \$	11.12	10.85	11.97	14.89	13.99	13.16	11.56
Petroleum Investment Allowance (10%)				0.51	0.34	0.25	0.35
<i>Technical Cost of PSC Pbl to Oil Companies</i>							
Operating Expenses (T1) in US \$	8.22	8.85	8.7	10.01	10.02	15.02	12.02
Capital Expenses (T2) in US \$	19.62	17.86	11.01	10.04	8.19	8.27	7.51
Investment Tax Credit	4.94	2.85	2.13	1.54	2.38	2.26	1.28
<i>Technical Costs of SC pbl to Oil Company</i>							
Operating Expenses (T1) in US \$	18.62	18.62	22.79	29.49			27.08
Capital Expenses (T2) in US \$	2.44	2.05	2.05	5.49			5.8
Investment Allowances	2.996	0.46	0.46	2.67			1.03
<i>Technical Costs of Independent pbl to Oil Company</i>							
Operating Expenses (T1) in US \$					12.43	11.74	15.73
Capital Expenses (T2) in US \$					15.39	14.48	12.71
Investment Allowances					0.37	0.27	0.44
Weighted Average Rate of PPT - JV Oil	85%	85%	85%	85%			85%
Weighted Average Rate of PPT - PSC Oil	50.17%	50.2%	50.2%	50.1%			50.1%
Weighted Average Rate of PPT - SC Oil	85%	85%	85%	85%			85%
Weighted Average Rate of PPT - Independent (Indigenou	85%	85%	85%	85%			85%
Weighted Average Rate of PPT - Marginal	51.6%	51.6%	85%	85%			85%
<i>Royalty Rates</i>							
Weighted Average Rate of Royalties - JV Oil	19.1%	19.1%	18.67%	18.67%			19.7%
Weighted Average Rate of Royalties - PSC	4.5%	4.5%	2.3%	2.83%			10.4%
Weighted Average Rate of Royalties - SC Oil	18.5%	18.5%	18.5%	18.50%			20%
Weighted Average Rate of Royalties -Independent	19.3%	19.3%	19.31%	19.31%			17.7%
Weighted Average Rate of Royalties - Marginal	9.3%	9.3%	9.3%	9.29%			4.1%
Average Exchange Rate (NGN/US\$)	197	305	305	305	360	379	410.15
VAT Rate	5%	5%	5%	5%	7.5%	7.5%	7.5%
CIT Rate	30%	30%	30%	30%	30%	30%	30%

Source: BOF, NNPC, FIRS and NCS, 2022

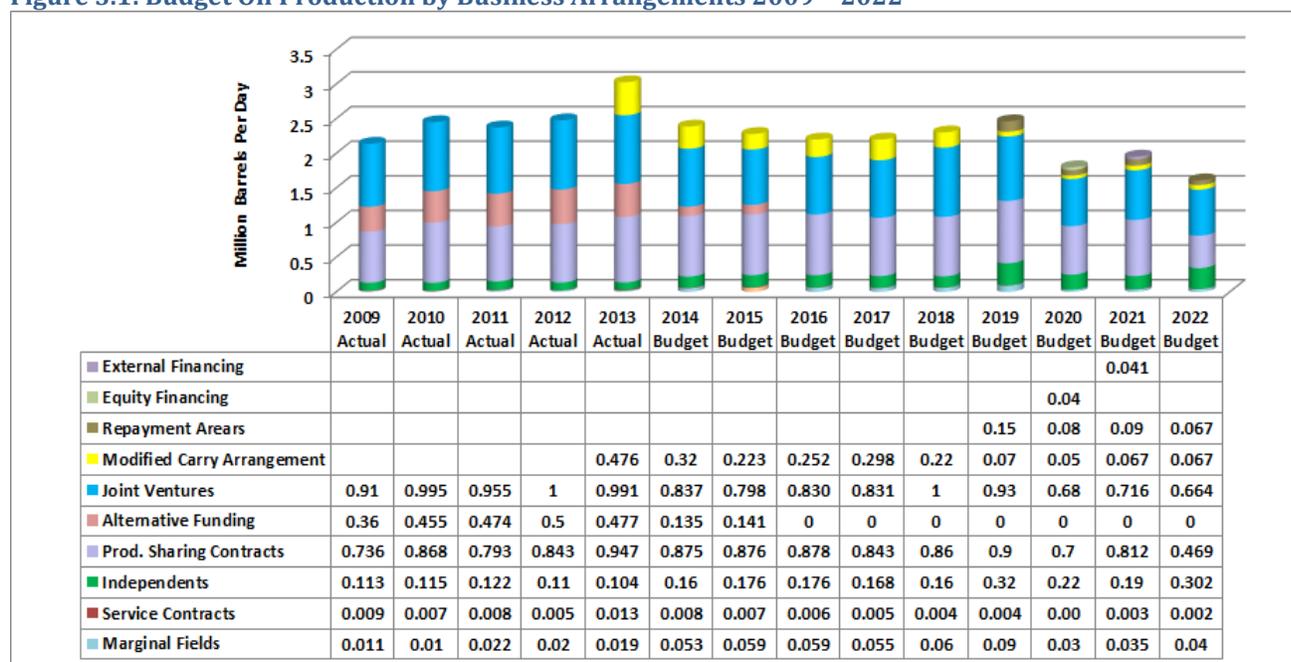
3.1.1 Budget Benchmark Oil Price and Production

The benchmark price of oil for the 2022 Budget was fixed at US\$73.0/barrel while benchmark oil production was pegged at 1.60 million barrels per day (mbpd). This aligns with Government's continued use of benchmark oil production and prices for its yearly budgets to shield budget expenditures from the instabilities in the price of oil in the global market.

The productivity in the oil sector was projected downward from 1.86mbpd in 2021 to 1.60mbpd in 2022 while the cost outlay was projected to increase in 2022 as against 2021. The Technical Cost comprising average of operating and capital expenses were reviewed upward in the 2022 fiscal year when compared to the rates in 2021 for both the Joint Ventures (JVs) and the Independent Contracts. The average expenses [Capital (T1) and Operating (T2)] for the JVs production arrangement increased from US\$23.84 per barrel in 2021 to US\$25.86 per barrel in 2022 indicating an increase of US\$2.02 per barrel in the period. The average expenses for the Independent Contracts also increased to US\$28.44 per barrel in 2022 from US\$26.22 per barrel in 2021. This was due to increase in Operating Expenses for Independent Contract. On the other hand, the average expenses [Capital (T1) and Operating (T2)] for the Production Sharing Contracts were adjusted downward from US\$23.29 per barrel in 2021 to US\$19.53 per barrel in 2022.

The share of oil production by business arrangement remained relatively stable with the JVs and PSCs dominating at approximately 39.8 and 28.1 percent respectively. The share of Independent Contract almost doubled from 9.72 percent in 2021 to 18.1 percent in 2022. Information on expected contributions of oil production by business arrangement are presented in Figure 3.1 while the analysis of contributions and duties for key oil taxes that are projected to accrue to the Federation are also represented in Table 3.2. These rates remained largely unchanged with the rates in the 2021 budget framework.

Figure 3.1: Budget Oil Production by Business Arrangements 2009 – 2022



Source: NAPIMS/NNPC, 2022

Table 3.2: Detailed Assumptions for Oil Production and Taxes (2018 - 2022)

Share of Oil Production	2018 Production Volume	2018 Percentage	2019 Production Volume	2019 Percentage	2020 Production Volume	2020 Percentage	2021 Production Volume	2021 Percentage	2022 Production Volume	2022 Percentage
Joint Ventures	1.00	43.48%	0.93	37.8%	0.68	37.60%	0.716	36.64%	0.664	39.8%
Alternative Funding									0	0.0%
External Financing							0.041	2.10%	0.056	3.4%
Modified Carry Arrangement	0.22	9.57%	0.07	2.8%	0.05	2.92%	0.067	3.43%	0.067	4.0%
Production Sharing Contracts	0.86	37.39%	0.90	36.7%	0.70	39.03%	0.812	41.56%	0.469	28.1%
Independents	0.16	6.96%	0.32	12.8%	0.22	11.96%	0.190	9.72%	0.302	18.1%
Service Contracts	0.004	0.17%	0.004	0.2%	0.00	0.18%	0.003	0.15%	0.002	0.1%
Marginal	0.06	2.61%	0.09	3.5%	0.03	1.86%	0.035	1.79%	0.04	2.4%
Base Production	2.30	100%	2.3	100%					1.6	
Repayment Arrears	0.21	8.37%	0.15	6.2%	0.08	4.26%	0.090	4.61%	0.067	4%
Equity Financing					0.04	2.18%				
Total Oil Production	2.51	100%	2.45	100%	1.80	100%	1.954	100.00%	1.667	100%
PPT Rates										
Weighted Average -JV/AF/Independent/Marginal		85%	85%			85%		85.00%		85%
Weighted Average -PSC		50.2%	50.10%			50.10%		50.12%		50.1%
Weighted Average -SC		85%	85%			85%		85.00%		85%
Royalties Rates										
Weighted Average-JV		18.67%	18.67%			18.67%		18.67%		19.7%
Weighted Average-Independent						19.31%		19.31%		17.7%
Weighted Average-Marginal						9.29%		9.29%		4.1%
Weighted Average-PSC		2.3%	2.83%			3.15%		10.00%		10.4%
Weighted Average-SC Oil		19.31%	19.31%			18.50%		18.50%		20%

Source: NNPC and BOF, 2022

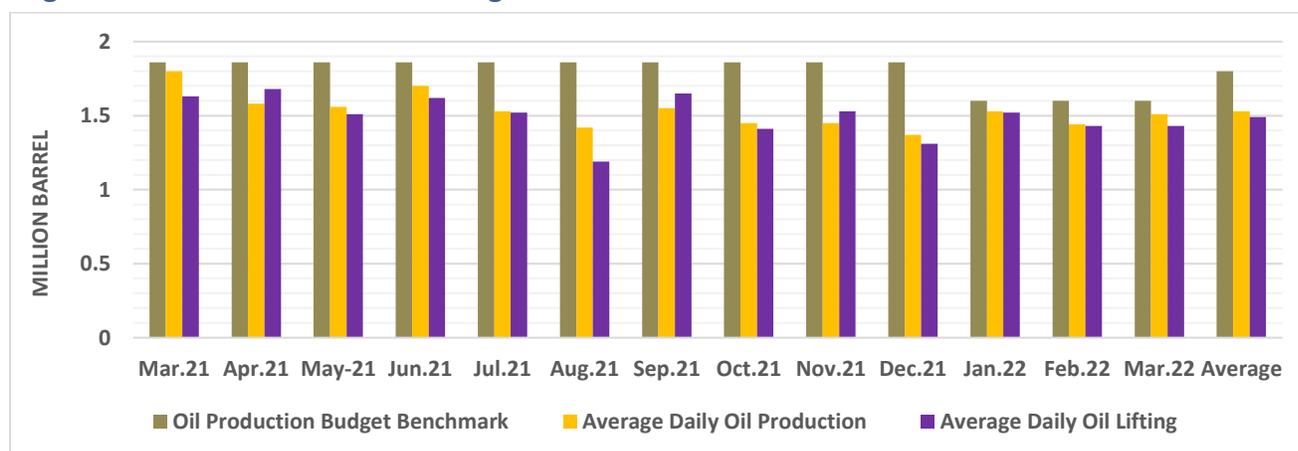
3.2 Analysis of Revenue Performance

3.2.1 Performance of Key Oil Revenue Parameters

The price of crude oil at the international market averaged US\$97.12 per barrel in the first quarter of 2022, indicating an increase of US\$17.39 per barrel (21.81 percent) and US\$36.22 per barrel (59.47 percent) above US\$79.73 per barrel and US\$60.90 per barrel reported in the fourth quarter and first quarter of 2021 respectively. It also represents an increase of US\$24.12 per barrel (33.04 percent) above the US\$73.0 per barrel oil price benchmark for the 2022 Budget. The increase in crude oil price during the period could be attributed to the the Russia-Ukraine conflict and numerous sanctions against Russia which affected oil production/supply. Another factor could be ascribed to the improvement in global economic activities after easing of the third phase of COVID-19 lockdown which resulted to rise in demand for crude oil.

Provisional data from the Nigerian National Petroleum Corporation (NNPC) revealed that the average oil production and lifting (including Condensates) in the first quarter of 2022 stood at 1.49mbpd and 1.46mbpd respectively. The oil production figure showed a decrease of 0.11mbpd (6.88 percent) below the 1.60mbpd benchmark for the 2022 Budget. The volume of oil production in the period was also 0.07mbpd (4.49 percent) and 0.23mbpd (13.37 percent) below 1.56mbpd and 1.72mbpd reported in the fourth quarter and first quarter of 2021 respectively.

Figure 3.2: Oil Production and Lifting March 2021 – March 2022



Source: NNPC and BOF, 2022

The above translates to an average monthly oil production and lifting of 44.83 million barrels and 43.82 million barrels respectively in the first quarter of 2022. The decrease in the quantity of oil production during the quarter as against the projected budget figure could be ascribed to crude oil theft, vandalization of pipelines and other legacy issues in the sector.

3.3 Aggregate Revenue of the Federation

In the 2022 Fiscal Framework, Gross Federally Collectible Revenue is projected at ₦18,936.70 billion, comprising of ₦9,369.96 billion (49.48 percent) Oil Revenue and ₦9,566.74 billion (50.52 percent) Other Revenues. This translates to ₦4,734.18 billion prorated quarterly gross revenue in the fiscal year.

3.4 Oil Revenue Performance

Gross Oil Revenue stood at ₦789.99 billion in the first quarter of 2022. This translates to a ₦1,552.51 billion (66.28 percent) decrease when compared with the 2022 quarterly budget estimate of ₦2,342.49 billion. The performance was also ₦418.61 billion (34.64 percent) and ₦68.35 billion (7.96 percent) below ₦1,208.60 billion and ₦858.34 billion generated in the fourth and first quarters of 2021 respectively.

A breakdown of the oil revenue performance in the first quarter of 2022 showed that with the exception of Concessional Rentals of ₦2.38 billion which exceeded its quarterly budget estimate of ₦1.60 billion by ₦0.78 billion (48.88 percent), all other oil revenue items fell below their quarterly budget projections. Crude Oil and Gas Sales of ₦153.59 billion, Petroleum Profit and Gas Taxes of ₦267.06 billion, Royalties (Oil & Gas) of ₦343.88 billion, Gas Flared Penalty of ₦19.32 billion and Miscellaneous (Pipeline fees etc.) of ₦3.75 billion fell below their quarterly estimates of ₦218.52 billion, ₦1,393.08 billion, ₦638.50 billion, ₦27.63 billion and ₦14.39 billion by ₦64.93 billion (29.71 percent), ₦1,126.02 billion (80.83 percent), ₦294.62 billion (46.14 percent), ₦8.31 billion (32.07 percent) and ₦10.64 billion (73.95 percent) respectively. On the other hand, Incidental Oil Revenue (Royalty Recovery & Marginal Field Licenses) and Exchange Gain yielded nothing in the quarter under review. Please see *Table 3.4*.

Table 3.3: Performance of Federation Revenue in the First Quarter of 2022 Vs 2021

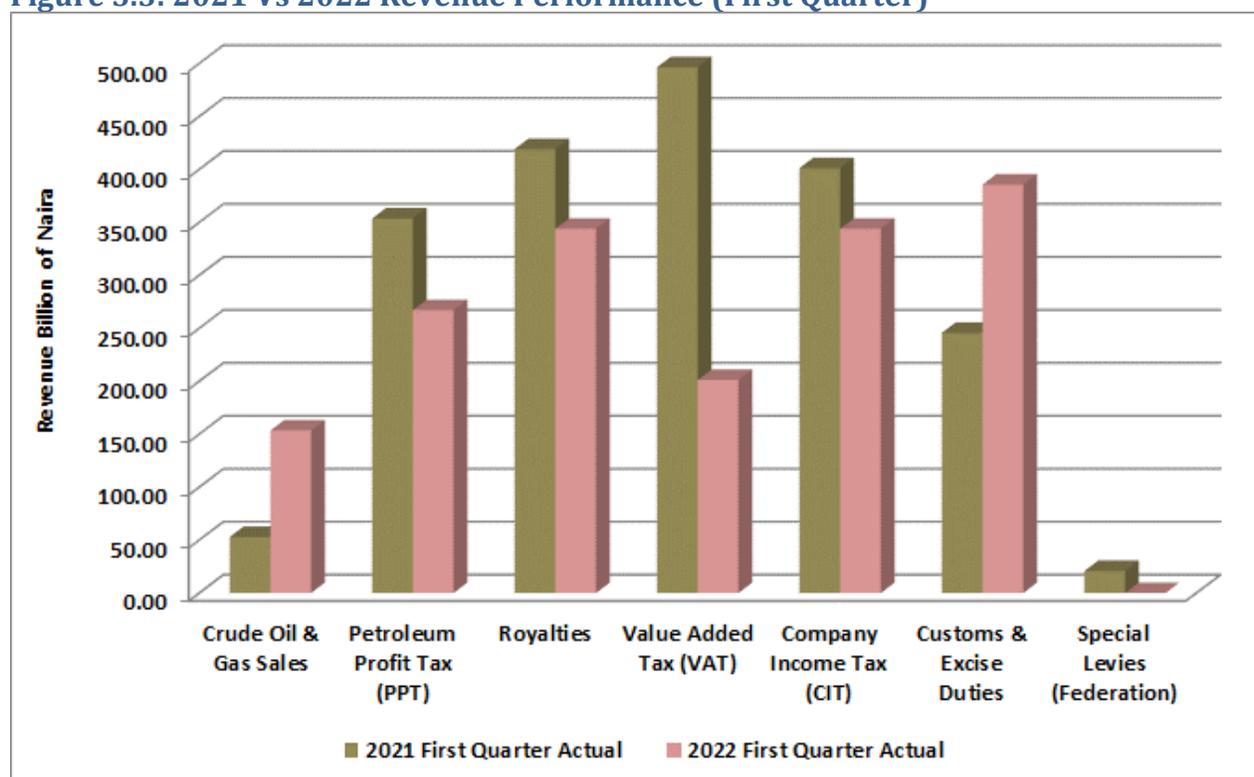
Revenue Items	2021	2022	Variance	
	First Quarter Actual	First Quarter Actual	1st Quarter 2022 Vs 1st Quarter 2021	
Oil Revenue	N'bns	N'bns	N'bns	%
Crude Oil Sales	52.91	153.59	100.68	190.29
Petroleum Profit Tax (PPT)	353.72	267.06	-86.66	-24.50
Royalties	419.10	343.88	-75.22	-17.95
Gross Oil Revenue	858.34	789.99	-68.35	-7.96
Net Oil Receipts	427.83	345.65	-82.18	-19.21
Non-Oil Revenue				
Value Added Tax (VAT)	496.39	201.26	-295.13	-59.46
Company Income Tax (CIT)	401.13	343.97	-57.16	-14.25
Customs & Excise Duties	245.64	385.72	140.08	57.03
Special Levies	20.79	0.00	-20.79	-100.00
Gross Non-Oil Revenue	1,163.95	930.95	-233.00	-20.02
Net Non-Oil Receipts	1,074.05	863.72	-210.33	-19.58

Source: OAGF and Budget Office of the Federation, 2022

3.4.1 Net Oil Revenue:

The actual Net Oil Revenue that accrued into the Federation Account in the first quarter of 2022, was ₦343.92 billion, depicting a decrease of ₦785.14 billion (69.54 percent) from the estimated quarterly budget of ₦1,129.06 billion. The inflow was also ₦81.78 billion (19.21 percent) lower than the ₦425.70 billion net oil revenue recorded in the first quarter of 2021. It was however, ₦144.17 billion (72.18 percent) higher than the ₦199.75 billion reported in the fourth quarter of 2021 (Table 3.4).

Figure 3.3: 2021 Vs 2022 Revenue Performance (First Quarter)



Source: OAGF and Budget Office of the Federation, 2022

The poor Net Oil Revenue performance in the first quarter of 2022 could be attributed to the fall in production and lifting due to oil theft and vandalization of oil pipelines. It is also ascribed to the more than prorated Oil and Gas deductions. These data are presented in *Table 3.4*.

3.5 Non-Oil Revenue Performance

A total of ₦930.95 billion gross non-oil revenue accrued to the Federation in the first quarter of 2022. This indicated a decrease of ₦733.89 billion (44.08 percent) below the quarterly estimate of ₦1,664.83 billion. A scrutiny of the non-oil revenue items revealed that all the non-oil revenue items fell below their respective quarterly estimates. Company Income Tax (CIT) of ₦343.97 billion, Value Added Tax (VAT) of ₦201.26 billion and Customs & Excise Duties of ₦385.72 billion performed below their quarterly estimates of ₦496.95 billion, ₦610.45 billion and ₦464.64 billion by ₦152.98 billion (30.78 percent), ₦409.20

billion (67.03 percent) and ₦78.92 billion (16.99 percent) respectively. On the other hand, Solid Minerals, Electronic Money Transfer Levy (EMTL) and Special Levies (Federation Account) which had quarterly projections of ₦1.74 billion, ₦52.70 billion and ₦40.09 billion respectively yielded nothing in the quarter under review.

The poor performance of all the non-oil revenue subheads could be ascribed to the negative impacts of the Russia - Ukraine war and the numerous sanctions against Russia which slowed down world economic activities during the period. However, non-oil revenue performance is expected to improve in succeeding quarters as the different measures put in place by the government to stimulate the economy would have started yielding fruitful outcome.

When compared with the corresponding 2021 first quarter figures, except for Customs & Excise Duties which performed better. The remaining non-oil revenue items were below their respective 2021 first quarter performance. Company Income Tax, Value Added Tax and Special Levies were lower by ₦57.16 billion (14.25 percent), ₦295.13 billion (59.46 percent) and ₦20.79 billion (100.0 percent) respectively. The poor performance of the non-oil revenue items in the first quarter of 2022 as against the 2021 first quarter figures was largely due to the global economic recession and inflation which were associated with the Russia - Ukraine war and the numerous sanctions against Russia. It is expected that the situation will improve in the subsequent quarters when funds are released to MDAs for the implementation of their 2022 capital projects/programmes.

Table 3.4: Net Distributable Revenue as at March, 2022 (Oil Revenue at Benchmark Assumptions)

S/NC	ITEMS	BUDGET			ACTUAL		VARIANCE	
		2021 Budget	2022 Budget	2022 Quarterly Budget	2021 First Quarter	2022 First Quarter	2022 First Quarter Actual Vs Quarterly Budget	
A	OIL REVENUE	₦b	₦b	₦b	₦b		₦b	%
1	Gross Profit Oil from Crude Oil & Gas Sales	630.05	874.06	218.52	52.91	153.59	-64.93	(29.71)
2	PPT & Gas Income @ 30% CITA	2,148.52	5,572.31	1,393.08	353.72	267.06	-1,126.02	(80.83)
3	Oil & Gas Royalties	1,685.72	2,554.00	638.50	419.10	343.88	-294.62	(46.14)
4	Concessional Rentals	6.05	6.41	1.60	0.62	2.38	0.78	48.88
5	Gas Flared Penalty	130.42	110.54	27.63	26.26	19.32	-8.31	(30.07)
6	Incidental Oil Revenue (Royalty Recovery & Marginal Field Licences)	499.74	195.09	48.77	0.06	0.00	-48.77	(100.00)
7	Miscellaneous (Pipeline Fees etc)	57.56	57.56	14.39	6.66	3.75	-10.64	(73.95)
8	Exchange Gain	27.50		0.00	-1.01		0.00	
9	Sub-Total	5,185.57	9,369.96	2,342.49	858.34	789.99	-1,552.51	(66.28)
10	Deductions						0.00	
11	Fiscal Deductions (Base JV Cash Call + EF + MCA + RA)	0.00	0.00	0.00	250.41	112.77	112.77	
12	Other Federally Funded Upstream Projects	395.61	4,152.80	1,038.20	67.89	172.18	-866.02	(83.42)
13	Gas Infrastructure Development & Other Gas Expenses		0.00	0.00		2.53	2.53	
14	NESS Fees		0.00	0.00		0.45	0.45	
15	NUPRC 4% Cost of Collection (Royalty, Concessional, Gas Flared & Miscellaneous)	0.00	0.00	0.00	15.92	15.53	15.53	
16	FIRS 4% Cost of Collection on Gas Income Tax	0.00	0.00	0.00	1.06			
17	Total Deductions	395.61	4,152.80	1,038.20	335.28	303.46	-734.74	(70.77)
18	Net Oil Revenue after First Line Charges	4,789.96	5,217.16	1,304.29	523.06	486.53	-817.76	(62.70)
19	13% Derivation	622.69	678.23	169.56	95.22	140.88	-28.68	(16.91)
20	Net Oil Revenue after Derivation	4,167.26	4,538.93	1,134.73	427.83	345.65	-789.08	(69.54)
21	TO FEDERATION ACCOUNT (OIL)	4,146.43	4,516.23	1,129.06	425.70	343.92	-785.14	(69.54)
B	SOLID MINERALS & OTHER MINING REVENUES							
22	Total Solid Minerals Revenue	6.31	6.94	1.74	2.05	0.00	-1.74	(100.00)
23	Less 13% Derivation	0.82	0.90	0.23	0.27	0.00	-0.23	(100.00)
24	Net Solid Minerals after Derivation	5.49	6.04	1.51	1.78	0.00	-1.51	(100.00)
C	NON-OIL REVENUE							
25	Corporate Tax	1,496.53	1,987.78	496.95	401.13	343.97	-152.98	(30.78)
26	Value Added Tax	1,838.35	2,441.80	610.45	496.39	201.26	-409.20	(67.03)
27	Electronic Money Transfer Levy (EMTL)	0.00	210.82	52.70	0.00	0.00	-52.70	(100.00)
28	Customs: Imports, Excise & Fees	1,132.52	1,858.57	464.64	245.64	385.72	-78.92	(16.99)
29	Special Levies (Federation Account)	134.83	160.37	40.09	20.79	0.00	-40.09	(100.00)
30	Sub-Total	4,602.23	6,659.34	1,664.83	1,163.95	930.95	-733.89	(44.08)
31	FIRS Tax Refunds	25.00	25.00	6.25	12.00	0.30	-5.95	(95.17)
32	4% Collection Cost (CIT, Stamp Duties & Capital Gains)	58.86	78.51	19.63	16.62	14.07	-5.56	(28.31)
33	4% Collection Cost (VAT & Surcharge on Luxury Items)	73.53	97.67	24.42	19.86	13.85	-10.57	(43.30)
34	3% Transfer to North East Development Commission	52.94	70.32	17.58	14.89	0.00	-17.58	(100.00)
35	0.5% Transfer to Nigerian Police Trust Fund from VAT	8.82	11.72	2.93	7.88	0.00	-2.93	(100.00)
36	Value-Added Tax & Luxury Surcharge Net of Cost of Collection, and transfers to NEDC and Police Trust	1,703.04	2,262.08	565.52	720.19	0.00	-565.52	(100.00)
37	7% Cost of Collection (Duty, Excise & Fees)	79.28	130.10	32.52	17.20	27.00	-5.52	(16.97)
38	7% Cost of Collection (Spec. Levies -Fed. Acct.)	9.44	11.23	2.81	1.46	0.00	-2.81	(100.00)
39	NCS - Refunds					12.00	12.00	
40	TO FEDERATION ACCOUNT (NON-OIL)	2,591.30	3,972.71	993.18	620.29	676.32	-316.87	(31.90)
41	Total VAT Pool	1,703.04	2,262.08	565.52	453.76	187.41	-378.11	(66.86)
42	Net Non-Oil	4,294.35	6,234.78	1,558.70	1,074.05	863.72	-694.98	(44.59)
43	Sub-Total (FEDERATION ACCOUNT)	6,764.06	8,517.67	2,129.42	1,300.32	1,021.96	-1,107.46	(52.01)
44	Actual Balances in special Accounts	8.05		0.00	0.00	0.00		
45	TO FEDERATION ACCOUNT	6,772.11		2,129.42	1,300.32	1,021.96	-1,107.46	(52.01)
46	Transfer to Police Trust Fund (0.5% of Federation)	41.87	42.59	10.65	7.88	2.83	-7.82	(73.46)
D	TOTAL DISTRIBUTABLE							
47	Federation Account	6,730.24	8,475.08	2,118.77	1,292.43	1,019.14	-1,099.63	(51.90)
48	VAT Pool Account	1,703.04	2,262.08	565.52	453.76	187.41	-378.11	(66.86)
49	GRAND TOTAL	8,433.28	10,737.16	2,684.29	1,746.20	1,206.55	-1,477.74	(55.05)

Source: OAGF and Budget Office of the Federation, 2022

Table 3.5: Actual Performance of Non-Oil Revenue Categories (First Quarter) 2011 – 2022

Description	FIRST QUARTER (ACTUAL)												12 - Year Average
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	
	N'bn	N'bn	N'bn	N'bn	N'bn	N'bn	N'bn	N'bn	N'bn	N'bn	N'bn	N'bn	N'bn
Customs & Excise Duties	41.23	49.29	49.59	54.86	60.07	56.35	131.47	148.54	178.53	212.90	245.64	385.72	134.52
Company Income Tax	58.69	57.93	73.72	82.93	81.45	82.04	158.95	256.86	297.21	284.03	401.13	343.97	181.58
Value Added Tax	19.81	22.98	24.94	28.73	26.30	26.42	222.00	270.06	301.62	324.58	496.39	201.26	163.76
FGN Independent Revenue	33.45	99.78	65.03	121.13	280.63	47.52	21.89	72.05	34.59	47.73	391.07	235.18	120.84

Source: OAGF and BOF, 2022

Further analysis of non-oil revenue performance showed increasing trend of key non-oil revenue sub-heads over the years, particularly VAT, CIT and Customs, while Independent Revenue continued to be unstable over the period (Tables 3.5 and 3.6).

Table 3.6: Percentage Growth in Non-Oil Revenue Performances (First Quarter) 2012 – 2022

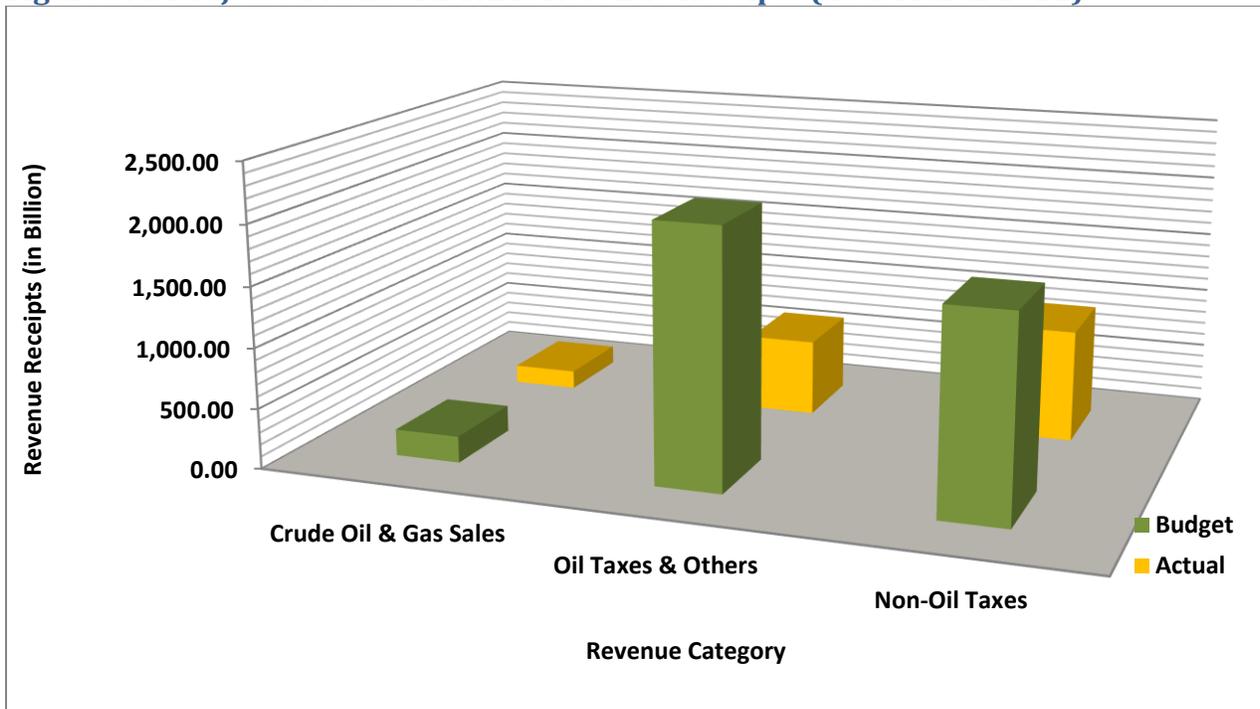
Description	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	11 - Year Average
Customs & Excise Duties	19.55%	0.61%	10.63%	9.50%	-6.19%	133.31%	12.98%	20.19%	19.25%	15.38%	57.03%	26.57%
Company Income Tax	-1.29%	27.26%	12.49%	-1.78%	0.72%	93.75%	61.60%	15.71%	-4.43%	41.23%	-14.25%	21.00%
Value Added Tax	16.00%	8.53%	15.20%	-8.46%	0.46%	740.27%	21.65%	11.69%	7.61%	52.93%	-59.46%	73.31%
FGN Independent Revenue	198.30%	-34.83%	86.27%	131.68%	-83.07%	-53.94%	229.15%	-51.99%	37.99%	719.34%	-39.86%	103.55%

Source: OAGF and BOF, 2022

3.6 Comparative Revenue Performance Analysis

A breakdown of the actual performance of revenue compared with budgeted estimates as at March ending 2022 revealed that, with the exception of Concessional Rentals all other oil taxes underperformed. On the other hand, all other non-oil taxes also underperformed (Figure 3.3).

Figure 3.4: Projected Vs Actual FAAC Revenue Receipts (as at March 2022)



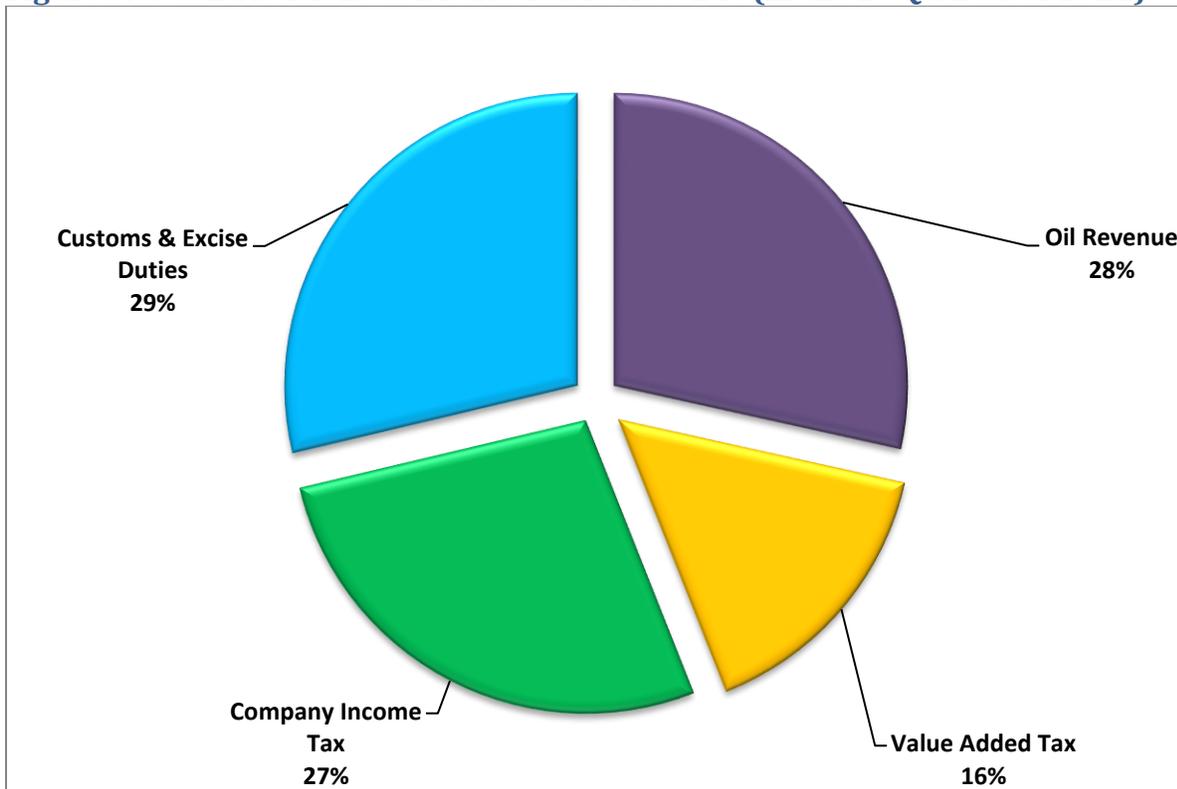
Source: Budget Office of the Federation, 2022

3.7 Distributable Revenue

The net distributable revenue of the Federation stood at ₦1,206.55 billion in the first quarter of 2022. This signified a shortfall of ₦1,477.74 billion (55.05 percent) from the ₦2,684.29 billion projected for the period. This was driven largely by the significant reduction in the inflow into the Federation Account from the oil sector. The non-oil revenue accruing to the Federation account also decreased by ₦316.87 billion (31.90 percent) adding to the oil sector shortfall of ₦785.14 billion (69.54 percent) during the review period.

The percentage contribution of the different distributable revenue classifications in the first quarter of 2022 is presented in Figure 3.5. Oil Revenue, VAT, CIT, and Customs & Excise Duties contributed 28 percent, 16 percent, 27 percent and 29 percent respectively.

Figure 3.5: Contributions to Distributable Revenue (in the 1st Quarter of 2022)



Source: Budget Office of the Federation, 2022

3.8 Excess Crude Account

Analysis of the reports on the Excess Crude Account (ECA) revealed an opening balance of US\$35.37 million in the Account as at 1st January, 2022. The sum of US\$0.0 million being accrued interest on fund investment (December 2021 – February 2022) was received into the account in the first quarter of 2022. No withdrawal was made from the account within the period under review. Thus, the closing balance was US\$35.37 million as at 31st March, 2022 (Table 3.7).

Table 3.7: Net Excess Crude Account

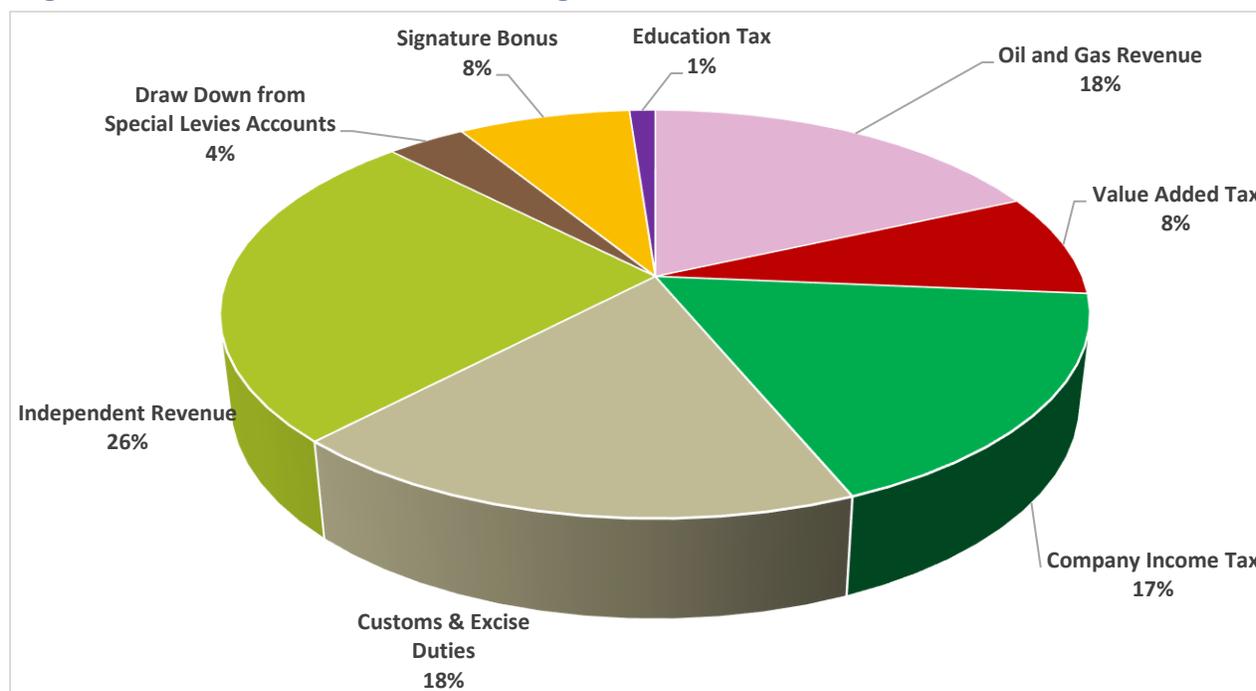
Description	2021 Actual		2022 Actual
	First Quarter	Fourth Quarter	First Quarter
Inflows			
Transfer to Excess Crude Oil Account	0	0	0
Accrued Interest on Fund Investment	US\$0.002 million	US\$0.008 million	US\$0.006 million
Reconciliation of Inflow and Outflow	0	0	0
Total Inflow	US\$0.002 million	US\$0.008 million	US\$0.006 million
Outflows			
Consultancy Fee & Litigation Expenses	0	0	0
NSIA Payment for Fertilizer Purchase	0	0	0
Payment of Commission/Exchange Rate Loss on Transfers	0	0	0
Amount approved by Mr. President as advance payment for the purchase of Super Tucano Aircraft	0	0	0
Amount approved by Mr. President for the first batch of procurement of critical equipment for the Nigerian Army, Navy and Defence Intelligence Agency	0	0	0
Paris Club Refund to States & FCT	0	0	0
Bank Charges	0	0	0
Charges for Breaking Investment	0	0	0
States Matching Grants to UBEC	0	0	0
Transfers to Nigerian Sovereign Investment Authority for Investment	0	0	0
Refurbishing and Remodelling of 107 Armoured Personnel Carrier (APC) Vehicles donated by Hashmite Kingdom of Jordan	0	0	0
Procurement of 3 XAW 109 Brand New Helicopters	0	US\$25.50 million	0
Total Outflow	0	US\$25.50 million	0
Net Excess Crude Account	US\$0.002 million	(US\$25.492 million)	US\$0.006 million

Source: Office of the Accountant General of the Federation, 2022

3.9 FGN Revenue Performance:

Based on the amended Budget Framework, the sum of ₦8,240.78 billion was projected to fund the Federal Budget in 2022, indicating a quarterly share of ₦2,060.19 billion. A total of ₦969.54 billion was received in the first quarter of 2022. This amount was ₦1,090.65 billion (52.94 percent) lower than the quarterly projection of ₦2,060.19 billion. It was also ₦121.88 billion (11.17 percent) below the ₦1,091.42 billion recorded in the first quarter of 2021.

Figure 3.6: Contributions to the FGN Budget Revenue in the First Quarter of 2022



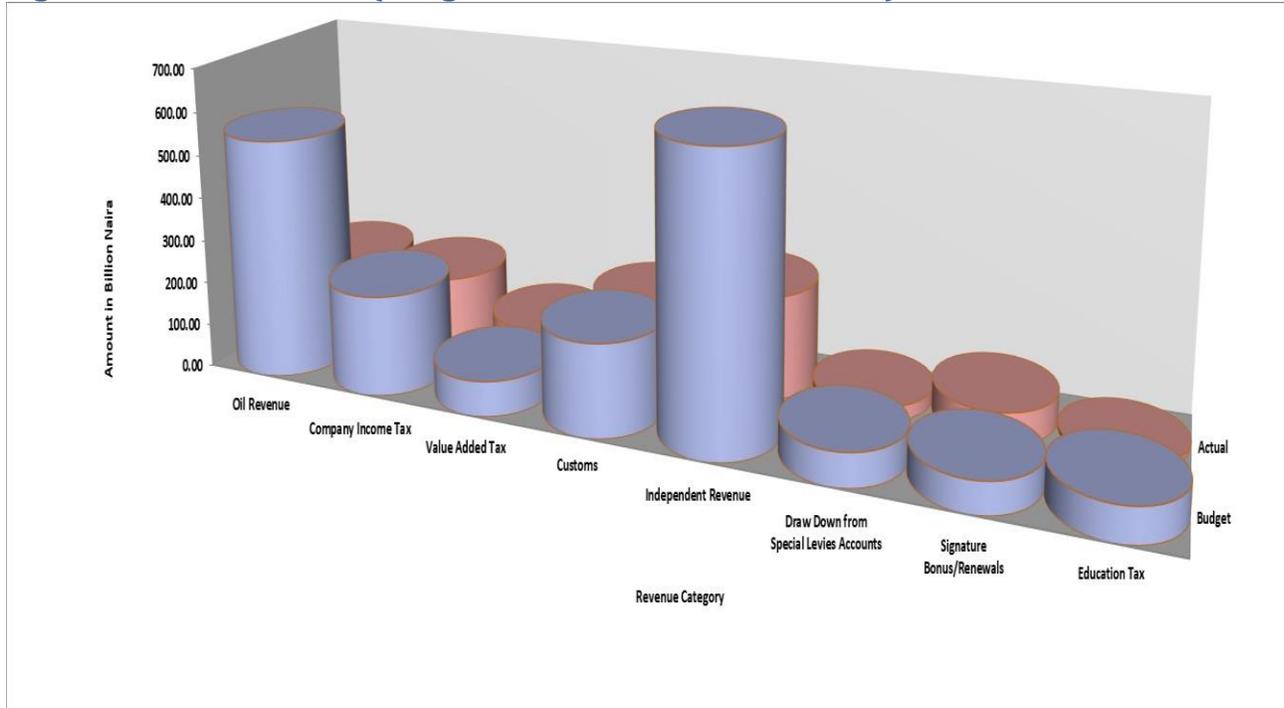
Source: The OAGF and Budget Office of the Federation, 2022

Note: This excludes FGN's Unspent Balances and FGN's Balances in Special Accounts and Other Funding Sources

The sum of ₦167.64 billion that was received from oil sources in the first quarter of 2022 was lower than the quarterly estimate of ₦547.59 billion by ₦379.95 billion (69.39 percent). Similarly, FGN's share of Dividend of ₦46.85 billion, Company Income Tax of ₦159.86 billion, Value Added Tax of ₦74.35 billion, Customs of ₦168.16 billion, Independent Revenue of ₦235.18 billion, Draw Down from Special Levies Accounts of ₦32.14 billion and Education Tax of ₦10.64 billion were below their corresponding quarterly estimates of ₦48.93 billion, ₦227.33 billion, ₦79.17 billion, ₦208.53 billion, ₦654.05 billion, ₦75.0 billion and ₦76.50 billion by ₦2.08 billion (4.25 percent), ₦67.48 billion (29.68 percent), ₦4.82 billion (6.08 percent), ₦40.37 billion (19.36 percent), ₦418.87 billion (64.04 percent), ₦42.86 billion (57.15 percent) and ₦65.86 billion (86.09 percent) respectively. On the other hand, Signature Bonus/Renewals of ₦70.21 billion was equal to its quarterly estimate while no inflow was recorded under FGN's share of Solid Minerals & Mining, Federation Account Levies, Electronic

money Transfer Levy, Oil Price Royalty, Domestic Recoveries and Grants & Donor Funding in the quarter under review (*Table 3.8*).

Figure 3.7: FGN Revenue (Budget Vs Actual as at March 2022)



Source: The OAGF and Budget Office of the Federation, 2022

Table 3.8: Inflows to the 2022 Federal Budget as at March 2022

S/NC	ITEMS	BUDGET			ACTUAL		VARIANCE	
		2021 Budget	2022 Budget	2022 Quarterly Budget	2021 First Quarter	2022 First Quarter	2022 First Quarter Actual Vs Quarterly Budget	
1	Inflow for the Federal Budget (CRF)	₦b	₦b	₦b	₦b		₦b	%
2	FGN Share of Oil Revenue	2,011.02	2,190.37	547.59	299.33	167.64	-379.95	(69.39)
3	FGN Share of Dividend (NLNG)	208.54	195.72	48.93	0.00	46.85	-2.08	(4.25)
4	FGN Share of Minerals & Mining	2.65	2.92	0.73	0.86	0.00	-0.73	(100.00)
5	FGN Share of Non-Oil	1,488.92	2,132.08	533.02	400.16	402.37	-130.65	(24.51)
6	FGN Share of Company Income Tax (CIT)	681.72	909.30	227.33	179.76	159.86	-67.48	(29.68)
7	FGN Share of Value Added Tax (VAT)	238.43	316.69	79.17	100.83	74.35	-4.82	(6.08)
8	FGN Share of Customs	508.27	834.12	208.53	110.24	168.16	-40.37	(19.36)
9	FGN Share of Federation Account Levies	60.51	71.97	17.99	9.33	0.00	-17.99	(100.00)
10	FGN Share of Electronic Money Transfer Levy (formerly called Stamp Duty)	500.00	29.37	7.34	0.00	0.00	-7.34	(100.00)
11	FGN Share of Oil Price Royalty		96.94	24.24	0.00	0.00	-24.24	(100.00)
12	Independent Revenue	1,061.90	2,616.22	654.05	391.07	235.18	-418.87	(64.04)
13	Draw-Down from Special Levies Accounts	300.00	300.00	75.00	0.00	32.14	-42.86	(57.15)
14	Signature Bonus / Renewals / Early Renewals	677.02	280.86	70.21	0.00	70.21	0.00	0.01
15	Domestic Recoveries + Assets + Fines	32.68	26.93	6.73	0.00	0.00	-6.73	(100.00)
16	Grants and Donor Funding	354.85	63.38	15.84	0.00	0.00	-15.84	(100.00)
17	Education Tax (TETFUND)		306.00	76.50	0.00	10.64	-65.86	(86.09)
18	AMOUNT AVAILABLE FOR FGN BUDGET (excluding GOEs)	6,637.58	8,240.78	2,060.19	1,091.42	965.03	-1,095.16	(53.16)
19	Other Financing Sources	0.00	0.00	0.00	0.00	4.51	4.51	
20	Exchange Rate Difference/Exces Bank Charges					4.51	4.51	
21	TOTAL INFLOW	6,637.58	8,240.78	2,060.19	1,091.42	969.54	-1,090.65	(52.94)

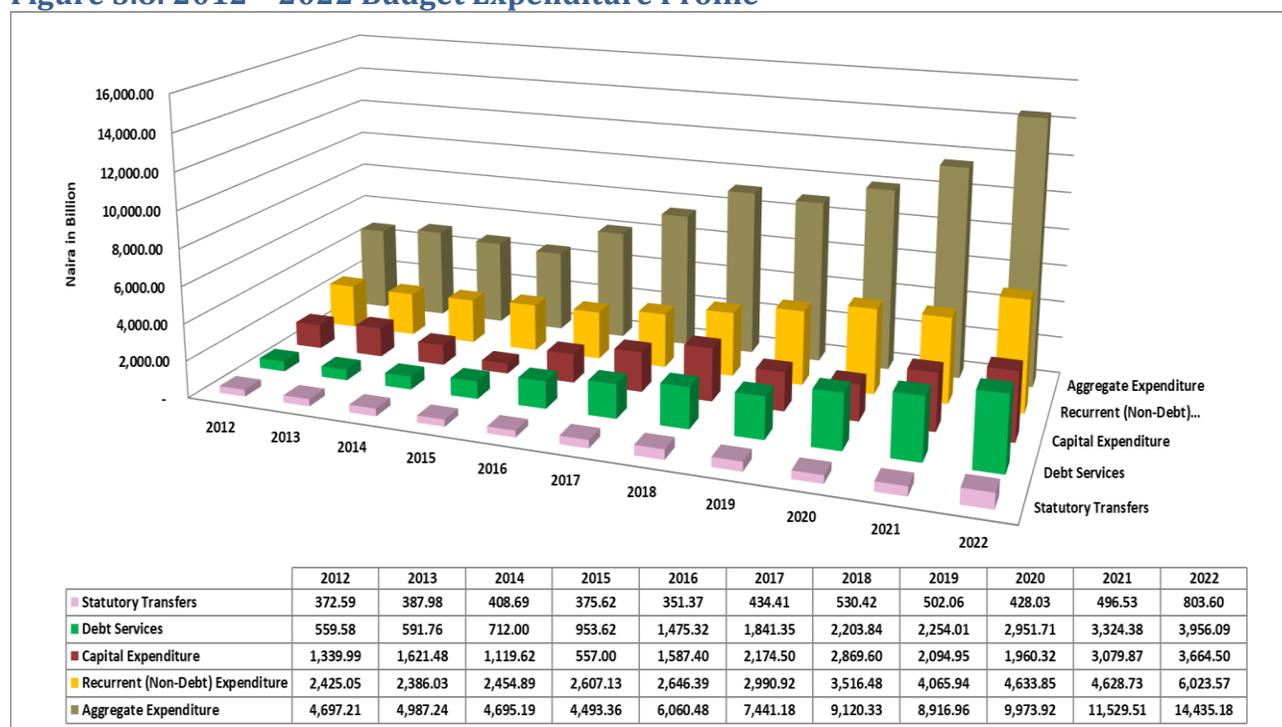
Source: Budget Office of the Federation and the OAGF, 2022

3.10 Expenditure Developments:

A total of ₦14,447.76 billion (excluding GOEs Budget & Project-tied Loans) was appropriated for expenditure in the 2022 Budget. This comprises of ₦6,023.57 billion (41.69 percent) for Recurrent (Non-Debt), ₦3,956.09 billion (27.38 percent) for Debt Service, ₦803.60 billion (5.56 percent) for Statutory Transfers and ₦3,664.50 billion (25.36 percent) for Capital Expenditure. This translates to prorated quarterly expenditure outlay of ₦3,611.94 billion in 2022.

Actual expenditure outflow of ₦4,515.39 billion was recorded in the first quarter of 2022, representing an increase of ₦903.45 billion (25.01 percent) over the quarterly budget projection for the year.

Figure 3.8: 2012 - 2022 Budget Expenditure Profile



Source: Budget Office of the Federation, 2022

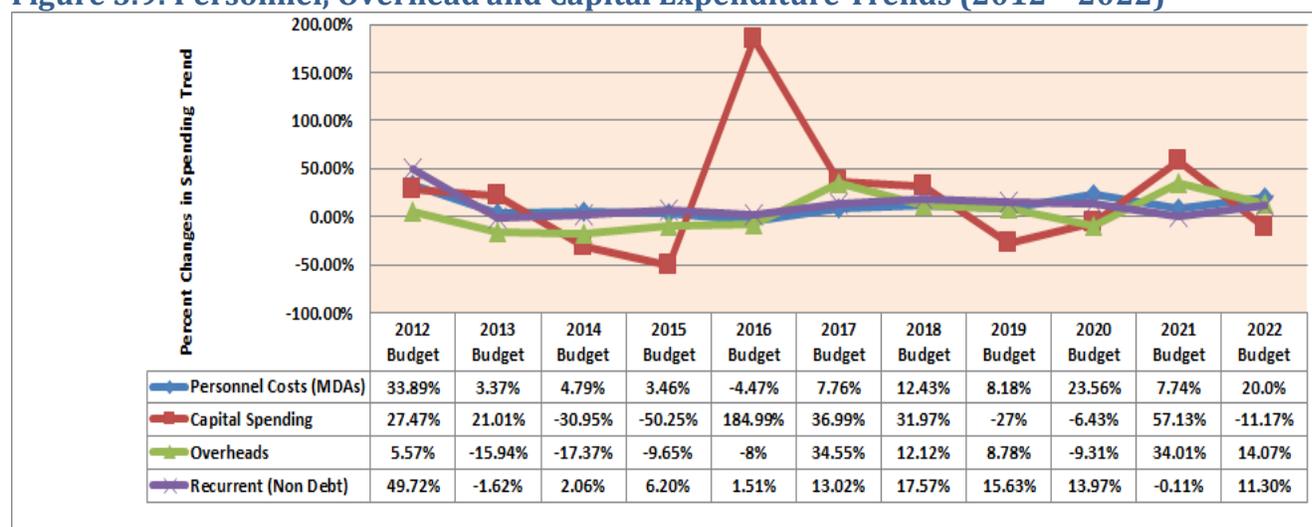
3.10.1 Non-Debt Recurrent Expenditure:

The FGN continued to pursue its goal of reducing the growth in its recurrent expenditure as stated in the 2022-2024 MTEF/FSP. Key initiatives aimed at

reducing recurrent costs were therefore pursued vigorously during the period. This includes the embargo on unauthorised recruitment by MDAs. All requests for recruitment and enrolment of staff into the FGN payroll are required to among others first seek clearance from Budget Office of the Federation. Another is the continuous roll out of the Integrated Payroll and Personnel Information System (IPPIS) to MDAs that are yet to be covered by the scheme were also sustained.

A total of ₦1,178.92 billion was spent on non-debt recurrent expenditure in the first quarter of 2022. This amount revealed a decrease of ₦326.97 billion (21.71 percent) from the quarterly estimate of ₦1,505.89 billion (see Figure 3.8).

Figure 3.9: Personnel, Overhead and Capital Expenditure Trends (2012 - 2022)



Source: BOF and OAGF, 2022

3.10.2 Debt Service:

Total Debt Service payment in the first quarter of 2021 stood at ₦1,246.01 billion representing an increase of ₦256.98 billion (25.98 percent) above the ₦989.02 billion projected for the quarter. Domestic debt service payment was higher than the quarterly budget estimate of ₦640.54 billion by ₦28.15 billion (4.39 percent) during the period. Actual domestic debt service was ₦668.69 billion during the quarter under review.

The sum of ₦280.81 billion was planned for external debt service in the first

quarter of 2022. Actual external debt service payment however amounted to ₦228.40 billion (US\$548.79 million), a difference of ₦52.41 billion (18.66 percent) below the quarterly projection.

3.10.3 Statutory Transfers:

A total of ₦217.42 billion was released as Statutory Transfers in the first quarter of 2022 which was ₦16.52 billion (8.22 percent) above the quarterly projection of ₦200.90 billion. It is important to note that quarterly releases under this subhead are released to beneficiaries' subject to budgetary provisions, needs and availability of funds.

3.10.4 Capital Expenditure Performance:

Government continued to direct financial resources to structural reform of the economy and the provision of critical infrastructure in the roads, power, housing, rail and aviation sectors as well as the provision of physical and food security. In view of this, a total of ₦3,664.50 billion (excluding capital expenditure of Statutory Transfers, top 10 GOEs and project tied loans) was allocated to capital spending in the 2022 Budget.

The detailed breakdown of expenditure in the first quarter of 2022 is presented in Table 3.9.

Table 3.9: FGN Budget Expenditure and Fiscal Account (in N' Billion) as at March 2022

S/NO	ITEMS	BUDGET			ACTUAL		VARIANCE	
		2021 Budget	2022 Budget	2022 Quarterly	2021 First Quarter	2022 First Quarter	2022 First Quarter Actual Vs Quarterly	
		₦b	₦b	₦b	₦b	₦b	₦b	%
A	AMOUNT AVAILABLE FOR FGN BUDGET (Excluding GOEs Budget and Project-tied Loans)	6,637.58	8,240.78	2,060.20	1,091.42	965.03	(1,095.17)	(53.16)
1	Exchange Rate Difference/Exces Bank Charges		-	-		4.51	4.51	
2	TOTAL INFLOW	6,637.58	8,240.78	2,060.20	1,091.42	969.54	(1,090.65)	(52.94)
B	EXPENDITURE:							
1	RECURRENT NON-DEBT:							
2	Personnel Cost	3,046.47	3,655.77	913.94	797.14	861.51	(52.43)	(5.74)
3	CRF Pensions	504.19	577.86	144.47	90.05	92.93	(51.54)	(35.68)
4	Overhead Cost	325.88	371.73	92.93	64.76	112.66	19.73	21.23
5	Other Service Wide Votes (+ Gavi/Immunization)	337.19	987.92	246.98	133.72	95.58	(151.41)	(61.30)
6	Presidential Amnesty Programme	65.00	65.00	16.25	10.83	16.25	-	-
7	TETFUND - Recurrent		15.30	3.83		-	(3.83)	(100.00)
8	SPECIAL INTERVENTIONS (Redurrent)	350.00	350.00	87.50		-	(87.50)	(100.00)
9	Sub-Total (Non-Debt)	5,641.97	6,023.57	1,505.89	1,096.51	1,178.92	(326.97)	(21.71)
10	Domestic Debts Service	2,183.49	2,562.15	640.54	581.27	668.69	28.15	4.39
11	Foreign Debts	940.89	1,123.23	280.81	231.83	228.40	(52.41)	(18.66)
12	Total Debt Service	3,124.38	3,685.38	921.34	813.10	897.09	(24.26)	(2.63)
13	Interest on Ways & Means			-	275.60	348.92	348.92	
14	Sinking Fund to Retire Maturing Loans	200.00	270.71	67.68	-	-	(67.68)	(100.00)
15	Sub-Total (Debts)	3,324.38	3,956.09	989.02	1,088.70	1,246.01	256.98	25.98
16	Total Recurrent Expenditure	8,966.35	9,979.66	2,494.92	2,185.21	2,424.93	(69.99)	(2.81)
17	CAPITAL EXPENDITURE							
18	Capital Dev. Fund (Main)-2021 in 2022			-	618.92	1,240.31	1,240.31	
19	Capital Dev. Fund (Main)-2022		2,750.89	687.72		485.50	(202.22)	(29.40)
20	Capital Supplementation	695.90	455.59	113.90	71.88	147.24	33.34	29.27
21	Special Intervention (Capital)	10.00	7.00	1.75		-	(1.75)	(100.00)
22	TETFUND Capital Expenditure		290.70	72.67		-	(72.67)	(100.00)
23	Grants and Donor Funded Projects	354.85	63.38	15.84		-	(15.84)	(100.00)
24	FGN Share of Oil Price Royalty Transferred to NSIA		96.94	24.24		-	(24.24)	(100.00)
25	Capital Expenditure in Statutory Transfers	249.05	444.16	111.04		-	(111.04)	(100.00)
26	Amount Available for MDAs Capital Expenditure (Including N100.0 billion Reallocation of Existing Capital for COVID-19)	2,019.12			384.52		-	
27	Total Capital Expenditure	4,374.20	4,108.66	1,027.16	1,075.32	1,873.05	845.89	82.35
28	Total Capital Expenditure (Exclusive of Transfers)	4,125.15	3,664.50	916.13	1,075.32	1,873.05	956.92	104.45
29	TRANSFERS							
30	Statutory Transfers	496.53	803.60	200.90	124.13	217.42	16.52	8.22
31	TOTAL FGN BUDGET (Exclusive of GOEs Budget & Project-tied Loans)	11,529.51	14,447.76	3,611.94	3,384.66	4,515.39	903.45	25.01
32	Fiscal Deficit (Excluding GOEs Budget & Project-tied Loans)	(4,891.93)	(6,206.98)	(1,551.75)	(2,293.24)	(3,545.85)	(1,994.10)	128.51
C	FINANCING ITEMS							
1	Privitization Proceeds	205.15	90.73	22.68		-	(22.68)	(100.00)
2	Multi-lateral / Bi-lateral Project-tied Loans		1,155.82	288.96		-	(288.96)	(100.00)
3	Foreign Borrowing	2,343.39	2,569.93	642.48		-	(642.48)	(100.00)
4	Domestic Borrowing	2,343.39	3,533.74	883.43	550.00	950.00	66.57	7.53
5	Sub-Total	5,601.62	7,350.22	1,837.56	550.00	950.00	(887.56)	(48.30)
6	Sub-Total (Exclusive of Project-tied Loans)	4,891.93	6,194.40	1,548.60	550.00	950.00	(598.60)	(38.65)
7	Net Deficit/Surplus (Excluding GOEs Budget & Project-tied Loans)	-	(12.58)	(3.15)	(1,743.24)	(2,595.85)	(2,592.70)	82,432.36
8	Grand Total (Revenue + Financing Items)	11,529.51	14,435.18	3,608.80	1,641.42	1,919.54	(1,689.25)	(46.81)

Note: 1. The total Expenditure and the Financing items does not include Multi/Bi-lateral Projected Loans
2. The sum of N13.617bn iro FGN share of Electronic money transfer will be reflected in June, 2022 Fiscal Report
3. Cash Assets recovered under final forfeiture is N7.145bn

Source: OAGF and Budget Office of the Federation, 2022

MDAs' Capital Vote Utilization:

The release of funds to MDAs for capital expenditure in the first quarter of 2022 was done in batches based on the availability of resources and government priorities. Data from the Office of the Accountant General of the Federation on 2022 capital budget performance for MDAs as at 31st March, 2022 showed that a total of ₦428.50 billion was released to MDAs and cash backed for their 2022 capital projects and programmes. The sum of ₦207.05 billion was released in the first tranche and ₦221.45 billion as Authority to Incur Expenditures (AIEs) Service Wide. These releases were made to selected MDAs based on the availability of funds, government priorities and needs.

Performance as at 31st March, 2022:

Further analysis of the capital releases from OAGF also revealed that the ₦428.50 billion released was fully utilized by the MDAs as at 31st March, 2022. This represents a significant positive departure from the utilization of capital release in the past. Expectedly, more funds will be released to all the MDAs in subsequent quarters of the year.

3.10.5 Budget Deficit and the Financing Items:

In the 2022 Fiscal Framework, quarterly fiscal deficit is estimated at ₦1,551.75 billion (exclusive of Multi-lateral/Bi-lateral Project-tied Loan of ₦288.96 billion). The quarterly deficit is expected to be financed through earnings from Privatization Proceeds of ₦22.68 billion, Foreign Borrowing of ₦642.48 billion and Domestic Borrowing (FGN Bond) of ₦883.44 billion.

The inflow and outflow of funds for the Federal Government resulted in a fiscal deficit of ₦3,545.85 billion (7.69 percent of prorata GDP) in the first quarter of 2022. This represents a significant increase in deficit to the tune of ₦1,994.10 billion (128.51 percent) of the projected deficit for the period. However, only ₦950.0 billion was financed through Domestic Borrowing (FGN Bond). This resulted in a ₦2,595.85 billion net deficit financing for the review period.

4.0 CONCLUSION

The macroeconomic environment in the review period was redefined by heightening of uncertainties confronting the recovery of the global economy following the Russia-Ukraine conflict and numerous sanctions against Russia. The economy expanded by 3.11 percent in the first quarter of 2022 with the oil sector declining by 26.04 percent (year-on-year) in real terms while non-oil sector recorded a real growth of 6.08 percent. The non-oil sector contributed significantly to the growth of the economy which was mainly driven by the Information and Communication (Telecommunication); Trade; Financial and Insurance (Financial Institutions); Agriculture (Crop Production); and Manufacturing (Food, Beverage & Tobacco).

The Federal Government continued to meet its non-discretionary expenditure obligations even as budget implementation continued to be affected by poor revenue outcomes. The performance of the economy during the quarter was encouraging considering developments in the global economy and the performance of other economies. However, it is important to accelerate efforts towards improving the growth recorded and revenue performance. Improving revenue collections in the subsequent quarters of the year is key to the successful implementation of the 2022 Budget. Efforts to moderate the growth in recurrent expenditure and particularly personnel expenditure in 2022 is critical even as effective implementation of measures to curtail the security challenges continue to be paramount.

The Federal Government has reiterated its commitment to improved transparency and accountability in budget preparation, implementation, monitoring and evaluation and feedback. In view of this, government will ensure strict adherence to budget implementation guidelines and the governance framework on monitoring of capital budget implementation. Efforts would also be geared towards fostering efficiency in budget implementation, while ensuring effective project management in the succeeding quarters of 2022 and beyond.